

THE CHINA
WEEKLY

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

August 10, 1940

Gasoline Embargo Will Halt Japan's War
An Editorial

Shanghai's Coal Problem

BY JOHN AHLERS

Arrests in Britain, Japan

The New Order in the North

BY WU PAH-NIEN

**'Greater East Asia,' and Totalitarianism
Declared Aims of Konoye Cabinet**

HONGKONG

SHANGHAI

TIENTSIN

CANTON

SWATOW

FOOCHOW

CHANGSHA

HANKOW

CHUNGKING

KUNMING

ICHANG

WENCHOW

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NEW YORK

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LONDON

What People Are Saying

Comments from readers on current topics are cordially invited; their opinions, however, do not necessarily represent the views of *The China Weekly Review*.

ABOUT DUGOUTS

To the Editor:

Chungking needs more dugouts, especially bomb-proof dugouts. Dugouts in Chungking have been greatly improved, but if the ordinary dugout receives a direct hit from the heavy bombs, the chances for survival of the occupants is very slim. Recently the Japanese have been using explosive bombs which weigh more than 1,500 kilograms. The results are terrible. We hear rumors that very few of the Chungking dugouts, although built very deep, can stand such heavy bombs. It is rumored that five or six dugouts have been hit and several hundred persons buried. While the Japanese usually drop their heaviest bombs in the vicinity of so-called military objectives and power plants, it is a regrettable fact that they usually miss the military objectives and smash up something else which is of no military consequence whatever. I usually try to get into a dugout that has two entrances, as the chances of escape are better.

It is remarkable that normal life is resumed so quickly after the bombers depart. The spirit of the people is truly remarkable. We Chinese all realize that if we don't fight on, all will be lost. If we fight on and win then we feel sure we can make the Japanese pay for all the losses and sorrow they have caused us.

China is now facing a very hard time. We need more airplanes and arms. We have plenty of pilots now, but should have more airplanes immediately.

Our telephone and electric light services, which were disrupted by the Japanese bombs, have been resumed over the whole city. Now everybody is worrying about their friends in Shanghai who are oppressed by the Japanese and the puppets.

ALIVE AND WELL

Chungking,
July 20, 1940.

WE SALUTE YOU!

To the Editor:

The Chinese press today printed a list of six foreigners who have been "ordered" by Wang Ching-wei to leave Shanghai. It also published the statement of the editor of *The China Weekly Review* in reply, for you are one of those on the list. This is to let you know that we all know of the list and of its meaning—that the running dogs of the Japanese are running hard, carrying out the orders of their masters, and that you six men are booked for death.

It is a great compliment to all of you, for it clearly shows that you six are the vanguards of newspapermen in Shanghai in defense of principles of freedom and democracy, without which there can be no future for the human race. So I, for one, congratulate all of you and urge you to "hold the fort" to the last. Shanghai is a fort indeed, for you are surrounded by the Japanese and their murderous henchmen of the Wang Ching-wei outfit. But it is just such men as you who once made democracy possible—though, we must admit, far from complete. Such men as you will make it possible in the future. If any of you are murdered, we will know who did it. Every Chinese will

know who did it and we who continue to live will stand by, doing our duty.

I write now to salute you all with respect and admiration. Be proud of the honor shown you by the enemies of China and of the world.

AGNES SMEDLEY

c/o National Red Cross
Society of China,
Kweiyang, Kweichow,
July 17, 1940

THANKFULNESS

To the Editor:

For years *The China Weekly Review* has labored to present the truth about China. While your home government, due to unfavorable world conditions has often followed a "circuitous" course, you always have taken a firm stand against injustice, butchery, traitorous activities, enslavement, opium traffic, gambling—all of which activities are represented in the "badlands" district where the puppet Wang Ching-wei is supposed to have control.

You are not alone in your fight. While you are a foreigner, you are re-

garded as the bosom friend of every true Chinese who refuses to enslave himself or herself as the Wang group has done.

You can be assured that there must be thousands and even millions of Chinese, including women and children, who are calling on God and devoutly praying for your safety, your health, your happiness and your prosperity.... because you are regarded as one of China's best friends.... and also because you have been condemned by the Wang regime.

The Chinese people are noted for their faithfulness and their appreciation.

WU SHAO-SHU

Shanghai, July 25, 1940

NATURALIZED

To the Editor:

I have resided in Shanghai for 7½ years and have become a Chinese citizen, following renunciation of my German citizenship. I wish to inform you that much of the information and knowledge of true conditions in China which I have acquired since my arrival here, has been obtained through a perusal of the

THE CHINA WEEKLY REVIEW

Cable Address "REVIEWING SHANGHAI"

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PUBLISHED AT NO. 160 AVENUE EDWARD VII, SHANGHAI, CHINA, BY MILLARD PUBLISHING COMPANY, INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE, UNITED STATES OF AMERICA. YEARLY SUBSCRIPTION, FIFTY-TWO ISSUES, TWENTY TWO DOLLARS (CHINESE CURRENCY) IN ADVANCE, POSTAGE INCLUDED IN CHINA AND JAPAN; ADD \$3.00 TO COVER EXTRA POSTAGE TO HONGKONG, SOUTH SEAS FIFTEEN DOLLARS STRAITS CURRENCY. IN THE UNITED STATES AND FOREIGN COUNTRIES EIGHT DOLLARS U.S. CURRENCY. REMITTANCES FROM OTHER COUNTRIES THAN CHINA AND THE U.S. CAN BE MADE BY INTERNATIONAL MONEY ORDER. ENTERED AS SECOND-CLASS MATTER IN THE CHINESE POST OFFICE AT SHANGHAI IN MAY 1917.

CONTENTS OF PREVIOUS ISSUES OF THE CHINA WEEKLY REVIEW MAY BE FOUND IN THE "INTERNATIONAL INDEX TO PERIODICALS." COPIES OF WHICH ARE ON FILE IN MOST STANDARD LIBRARIES. COMMUNICATIONS PERTAINING TO SUBSCRIPTIONS OR ADVERTISING IN CHINA OR ABROAD SHOULD BE ADDRESSED TO THE CHINA WEEKLY REVIEW AT 160 AVENUE EDWARD VII, SHANGHAI, CHINA, TELEPHONE 14741. CABLE ADDRESS "REVIEWING SHANGHAI."

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columns of *The Review*. The articles pertaining to China which have appeared in your paper have supplied a background of information about my adopted country that I could have acquired in no other way. Much of the progress which I have made in my adopted home is therefore due to your paper. In order that I may have a complete file, please send me all back numbers to fill out the year.

I wish you further success and good fortune in these dangerous times for editors, publishers and writers.

M. W. R.
(Physician)

Shanghai, July 29, 1940

TWO WARS

To the Editor:

A keen student of international affairs will not fail to observe the remarkable similarity between the two wars now raging in Europe and Asia. The contending forces are essentially the same—democracy versus fascism. In Europe, Great Britain (and until recently France) is the democratic foe of Nazi Germany. In Asia, democratic China is pitted against fascist Japan. Both wars are due to the insatiable territorial greed of the fascist powers.

It is my opinion that the striking similarity of the two wars will cause them to merge into one. Then China and the western democracies will become allies, fighting in common cause. Such an alliance is desirable, unless the democracies are to be defeated separately instead of winning together.

CHANG KUO-SIN

National Southwest Associated
University, Kunming, Yunnan,
June 27, 1940

THE BURMA ROAD

To the Editor:

Britain has answered Hitler's peace appeal by reaffirming her decision to fight to the end. Every nation must fight to the end when its existence is threatened and Britain's resolve has China's sympathy and admiration, for China is also fighting for her national existence. Britain has lately delivered a hard blow to China by closing the Burma road in violation of the promise made at Geneva to refrain from any action which would weaken China's resistance. Thus, while fighting for justice and civilization in the West, Britain is aiding the aggressor in the East. If this dual policy is allowed to continue, Britain will lose all the esteem she has won in the world.

P.H.A.A.

Shanghai, July 25, 1940.

"I LIKE IT"

To the Editor:

A friend sent me a copy of your paper, *The China Weekly Review*. I like the paper so am sending a check herewith for one full year, beginning with your receipt of this letter.

M. K.

Futsing, Fukien,
July 25, 1940.

U.S.A. TO BLAME ?

To the Editor:

The Burma road was closed by Anglo-Japanese agreement for a period of three months and I notice that Woodhead thinks the United States was to blame, which occurs to me as very odd reasoning. One wonders what London would say if the Atlantic trade route was cut by a U.S.A.-Axis agreement and an Anglo-Axis peace talk urged on Britain. All we can say is that London is still sadly mistaken about the whole situation in the Far East. It will be

worth watching to observe how England stands up to a direct German assault.

CHUNGKING

Chungking, July 19, 1940.

FOR ROOSEVELT

To the Editor:

The Chinese here are very glad to learn that Mr. Roosevelt has been selected as the Democratic candidate in the forthcoming presidential election. America is facing critical times in which human civilization is being menaced, and it is beyond the ability of any ordinary statesman to do anything toward restoring peace and establishing a new world order. America therefore needs an extraordinary statesman like Mr. Roosevelt, for his courage, wisdom, ability and rich experience are indispensable. We hope that the American people will re-elect him.

MU WEN-FU

Chungking, July 20, 1940

TERRORISM

To the Editor:

The chairman of the Shanghai Municipal Council asked the Consular Body to cooperate in stamping out the wave of terrorism that recently descended on Shanghai. The Consular Body met and passed a resolution in which it expressed the hope that the S.M.C. would do all in its power to stamp out terrorism. This was not intended to be funny, but it is. If the S.M.C. and the Consular Body had any guts they would come out boldly and stigmatize the Badlands as the source of the evil (it is from the Badlands that the Wang Ching-wei trigger-men operate)—and they would demand that the Japanese, real controllers of the Badlands, clean up the mess out there. Anything else is just plain idiocy.

QUIT FOOLING

Shanghai, Aug. 5, 1940

NATIONAL CITY BANK OF NEW YORK

Rates of Exchange, Shanghai, August 8, 1940

Demand selling rate on New York:
U.S.\$1.00—Sh.\$18.18

Demand buying rate on New York:
U.S.\$1.00—Sh.\$17.77

Demand selling rate on London:
£1.0.0—Sh.\$65.64

Demand buying rate on London:
£1.0.0—Sh.\$63.47

AMERICAN STOCK AND COMMODITY QUOTATIONS

August 7, 1940

STOCKS

Amer. Locomotive	18½
Amer. Waterworks	9
Anaconda Copper	19½
Bethlehem Steel	78½
Chrysler	73
Elec. Bond & Sh.	5½
Gen. Motors	46
Goodyear T. & R.	Unrec'd
Gt. Nthrn. Rly., pfd.	22½
Lockheed Aircraft	24½
Mont. Ward	40½
N. Y. Central	11½
Texas Corp	35½
U. S. Steel	52½

COMMODITIES

New York Cotton, Oct.	9.32/33
New York Rubber, Sept.	19.45/50
New York Hides, Sept.	8.88B/92.A
Chicago Wheat, Sept.	74½/74¾
Chicago Corn, Sept.	61¾/61½
New York Sugar, No. 4, Sept.	0.76½B/77½A

B—Bid. A—Asked.

THE CHINA WEEKLY REVIEW

報論評氏勒密

中華郵政特准掛號認爲新聞紙類

Registered at the Chinese Post Office as a newspaper for transmission with special marks privileges in China

Vol. 93 Shanghai, Saturday, August 10, 1940 No. 11

GASOLINE EMBARGO WILL SHORTLY HALT JAPAN'S WAR IN CHINA

Shinichi Kojima, director of the Fuel Supplies Bureau of the Ministry of Commerce and Industry, informed the Japanese press on August 3 that Japan is not short of gasoline or fuel oil "because Japan never neglected to replenish her stocks of liquid fuel." He claimed that Japan "would not lack for anything required for the utmost prosecution of her sacred war." In concluding the interview, Mr. Kojima stated that the manufacture of aviation benzine from crude oil as well as the production of synthetic petrol "was already in operation."

On the same day, Mr. Kojima made these reassuring statements, the *Japan Times*, organ of the Foreign Office, stated that a ¥5,000,000 company was shortly to be formed "to encourage oil imports from other countries than the United States. The company will be financed by 10 Japanese petroleum firms, with the object of securing Japan's control over her oil imports. The chairman of the new concern was expected to be Nobuo Tateishi, president of the Nippon Oil Company.

Despite these reassuring statements Kensuke Horinouchi, Japanese Ambassador in Washington, called at the State Department and protested against the embargo on shipments of aviation gasoline to Japan.

The German *Transocean* news service, in a dispatch from Washington on August 1, quoted industrial experts as saying that the embargo on aviation gasoline was more serious for Japan than the embargo on the export of scrap iron. The licensing arrangement for this commodity only covered No. 1 scrap, a heavy metal of no great importance to Japan, which mostly requires light scrap. This was confirmed by a *Domei* message from Washington (August 4) stating that 75 to 80 per cent of Japan's scrap metal purchases from the United States would remain unaffected by the newly-instituted licensing system on exports from America.

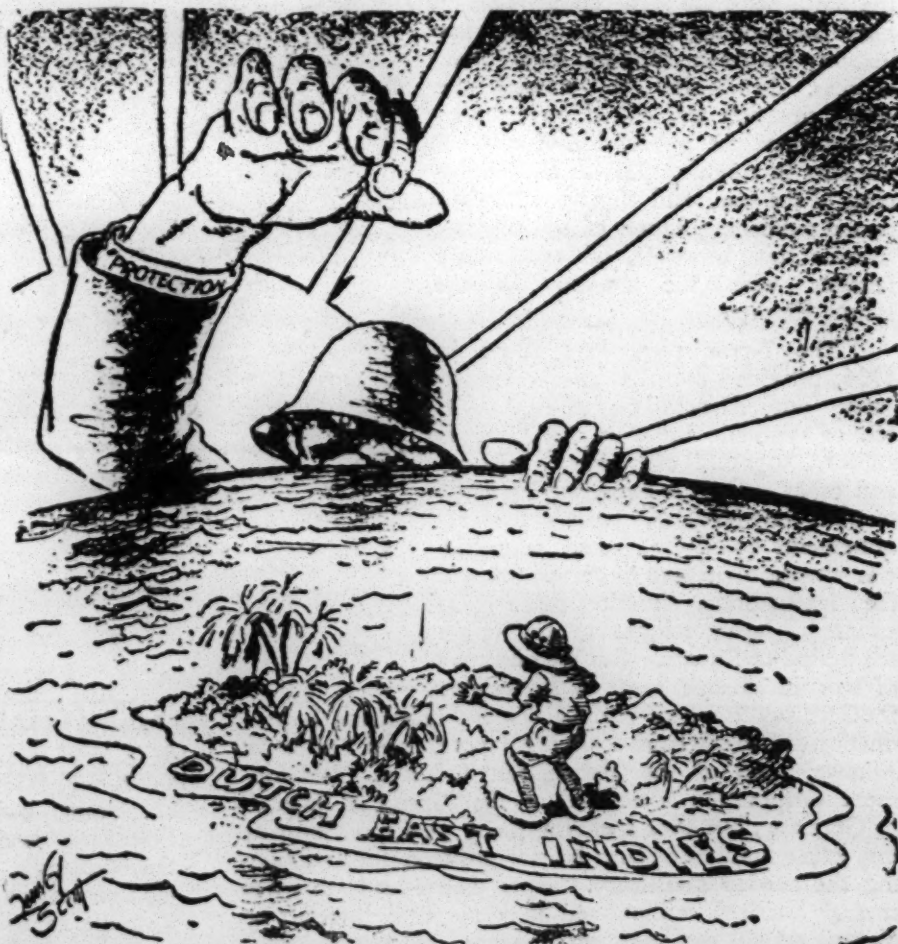
The *United Press* said that the only sources of high-grade processed petroleum suitable for conversion into aviation gasoline, on which Japan could rely at

present are the United States, Netherlands East Indies, and Venezuela. Only small quantities could be obtained from the last two countries. Quoting a high Washington official, the U. P. message stated that the Japanese, "because they are faced with less severe competition," could operate their planes on poorer quality gasoline than could the United States or European nations. The U. S. Army insists upon 87-100 test octane gasoline; the Japanese could operate on gasoline of 70-75 quality test.

The *China Evening News*, pro-Chungking newspaper pointed out that gasoline was the most important of the military supplies which Japan obtained in the United States. Japan depended almost solely upon the United States for this particular commodity, stated the paper, and pointed out that Japan's purchases of 162,000 barrels in 1937 had rapidly increased to 533,000 barrels in 1939, representing an increase of 271% in value and 221% in quantity. "It is thus apparent," stated the Chinese paper, "that American aviation gasoline is very important to Japan's indiscriminate aerial bombardment of Chinese cities and civilians. The American ban on the export of this type of gasoline will greatly curtail the activities of the Japanese air force in China."

The licensing arrangement covering the export of oil and scrap iron was announced on July 25 and became effective on August 1. The ban on export of

"Over the Horizon"



Scott in Portland Oregonian

aviation gasoline was announced on July 31 and became effective the next day. It applied to all nations outside the Western Hemisphere, the only exceptions specified being American aviation companies operating abroad, across the Atlantic and Pacific oceans and to South America. The U. P. stated that President Roosevelt's prohibition of export of gasoline had halted shipments of 350,000 barrels of gasoline in various U. S. ports consigned to Japan. Simultaneously the U. S. Maritime Commission

issued an order prohibiting the chartering of American oil tankers to Japanese or Spanish concerns. The Japanese were still more perturbed over this order when they learned that the Commission had just chartered a tanker to a Soviet concern to transport a cargo of gasoline from the California Standard Oil Company to Vladivostok. It was alleged in some quarters that the cargo of gasoline was actually destined for Chinese consumption, by way of Mongolia and the Turk-Sib railway into Sinkiang, China's most westerly province. However, this speculation probably was incorrect as Soviet consumption of gasoline in the Far Eastern regions has greatly increased lately.

The spokesman of the Japanese Navy Office at Tokyo, on August 1, declared that the licensing order for export control of oil and scrap iron, "was an unfriendly act against Japan!" While the embargo was directed at all belligerent powers, the spokesman declared, "President Roosevelt probably meant to kill two birds with one stone."

JAPAN HARD-HIT BY EXPORT BAN ON GASOLINE

It is necessary to turn to the oil experts and technical journals to obtain the hard, bed-rock facts about Japan's desperate need for American oil and her inability to obtain supplies from other sources. In order to conceal the actual situation the Tokyo government discontinued the publication of mineral statistics in August, 1937, at the beginning of the war, and shortly afterward ceased publishing figures of oil imports. Despite this, however, oil experts are familiar with the situation in the Island Empire.

The 7-year plan, laid down in 1936, provided for the production by Japan and Manchukuo of 2,000,000 Kl. of synthetic fuels by 1943. This amount, together with power alcohol and other substitute fuels, was expected to meet only 50% of Japan's fuel requirements by 1943. Later, when the war situation became more serious and the international situation more complicated, Japan sought to cut down the period to 5 years. But the outbreak of war in Europe made it impossible for Germany to deliver vital machinery required for the production of fuel oils from coal. The Japanese sent Yoshisuke Aikawa, head of the Manchurian Industrial Development Corporation, described as the "Insull of Japan," to Germany, but after spending many weeks in Germany inspecting industrial plants he was unsuccessful in obtaining the needed machinery. Japan had already invested several hundred million yen in these coal liquefaction plants, which had not reached the production stage when the war broke out. However, a large cracking plant, for the production of gasoline from kerosene, had been completed.

An article in the *American Oil and Gas Journal* said that the "Damocles sword of an American embargo on oil shipments to Japan has been hanging ominously over Japan's militarists, and the danger that the hair may snap is increasing. . . If and when the embargo comes, both the United States and Japan will lose, but for Japan the consequences must be disastrous. . . Her efforts to open up independent sources have not borne fruit, but

dependence on American supplies has increased to more than 80% of her total imports."

Despite most desperate efforts to stimulate domestic production, through expenditure of vast sums in subsidizing exploration companies, production of crude oil in 1939 dropped below that of 1936. There was some increase in production in the Japanese leased wells in Russian Sakhalin, but the great increase in oil consumption in Siberia led to never-ending squabbles between Japan and Russia over oil resources. Japan's efforts to obtain oil in Mexico apparently has not been overly successful due to lack of tankers. A Japanese scheme to build a pipe line from oil fields on the Atlantic coast

Japan: "I Wonder How That Blitzkrieg Works?"



Copyright, 1940, by The Chicago Tribune

The Chicago Tribune

to Salina Cruz on the Pacific side, failed. Recently there have been allegations in the American press of Japanese intrigue in Mexico concerning the question of oil supplies.

Scant rations allowed the public and enforced "blending" with alcohol to the extent of 25% indicated the desperate situation. But production of alcohol for commercial purposes was also handicapped by shortage of such materials as potatoes, sweet potatoes, molasses, etc. A plant was under construction in Korea to produce alcohol from wood shavings and sawdust, but this also was held up by the war, the reason being similar to that which held up the coal liquefaction plants in Manchuria. Furthermore, the serious shortage of coal, of which four tons are required to produce one ton of liquid fuel, produced a further insurmountable problem. The coal liquefaction plants under construction called for an annual increase in coal production of 8,000,000 tons, which was more than Japan, Korea, Formosa, and Manchukuo were producing between themselves. The coal famine in Shanghai, formerly dependent on

supplies of Kailan coal from Chinwangtao, is due to Japan's monopolization of coal in North China and Shantung.

Turning to the situation in Netherlands Indies and British Borneo, there is little likelihood of Japan increasing her imports from those regions due to shortage of tankers and increased British requirements—transported by Asiatic Petroleum Company, subsidiary of Royal Dutch Shell, now entirely controlled by Britain. It is extremely unlikely that Britain would sell Japan much oil in the face of the American embargo. Japan's imports of oil

"Must Pay Anyway"



Christian Science Monitor

from North Borneo and Netherlands India have decreased from 27.2% to 16.7% in recent years, the chief reason being Japan's increased dependence on supplies from the United States.

One point which still requires elucidation concerns the successful operation of a plan which the Japanese military branches attempted to enforce some time ago, requiring the foreign oil companies to maintain a minimum of six months' supplies in Japan. The foreign oil companies, representing the largest single foreign investment in Japan, refused to comply with Japan's demands. The Government then formed the Japan Petroleum Joint Sales Company, with the object of purchasing and holding large stocks, but whether the scheme succeeded is not known.

In recent weeks the Japanese Army and Navy branches have greatly increased their "blitzkrieg" bombing tactics in West China, particularly at Chungking, where they tried—at stupendous expense—to blast the city from the face of the earth and the inhabitants from their dugouts deep under the rocky hill. These raids, in imitation of Hitler's blitzkriegs in Poland, France, Belgium, Holland, and now England, used up vast supplies of Japan's stored gasoline. Considerations of face probably were involved in the decision back of these futile raids, but this incentive, even though of political consequence, will not replenish depleted supplies of gasoline.

The great increase in forced landings by Japanese commercial planes in recent weeks, in the opinion of experts, is due to two things—inability to purchase new airplane parts in the United States, and the use of diluted, poor-quality gasoline.

Three Americans Paid US\$15,000 For Economic Report on Japan

THREE Americans arrived in Shanghai this week on a Japanese conducted tour of investigation with the object of compiling a report on economic conditions in Japanese-occupied areas of China, including Manchukuo, North China and the Shanghai-Nanking area. The Americans were Major-General John F. O'Ryan, World War veteran, Commander of the New York National Guard Division in France; Warren Hunsberger, Ph. D., Yale Institute of Economics, former faculty member of Princeton and the University of New Hampshire; Simon Whitney, Ph. D., former lecturer at Princeton, now on the staff of the investment firm of Edie and Company, N. Y. Edie and Company gave Whitney a three months' leave to make the trip, according to the report.

The Americans were employed to make the investigation by the Japan Economic Federation of Tokyo. According to a *United Press* report from Washington, Major-General O'Ryan visited Washington prior to his departure for the Orient and filed a declaration as a Japanese agent, stating that he had received a preliminary fee of US\$15,000. The Japanese Economic Federation sent along with the "Mission" a secretary in the person of Mrs. Ganna Mahrt Syro-Beiarsky, a naturalized American, formerly connected with the official Japanese tobacco monopoly in its leaf-buying department in New York City. Her mother is Japanese.

In an interview in Shanghai, Major-General O'Ryan, who is an attorney by profession, stated that he had been approached by Japanese agents in New York and asked to make an investigation of economic conditions in Japanese-occupied areas in China. The presence on the Mission of Dr. Simon Whitney, representative of a New York investment house, lent color to the reports that the purpose of the investigation was to pave the way for an American loan, possibly to Manchukuo. It was reported that the American group spent considerable time with Yoshisuke Aikawa, president of the Manchurian Industrial Development Corporation. Mr. Aikawa has been described as the "Insull of Japan," due to his reputation as a promoter. The concern, of which he is now president, is owned by the puppet Manchukuo Government, is composed of enterprises formerly owned and operated by the South Manchuria Railway. Mr. Aikawa made a deal with the Germans, prior to the outbreak of the war in Europe, whereby the Germans agreed to supply Manchuria with numerous war industrial plants in exchange for soya beans, chief product of Manchuria. The deal was disrupted by the outbreak of hostilities in Europe, hence Aikawa is not looking to the United States for both credits and machinery.

In an interview published in the *Far Eastern Times*, a White Russian organ, issued by the South Manchuria Railway, Major-General O'Ryan was quoted as stating the members of the Mission "were amazed at the progress made by the Japanese-protected state of Manchukuo." He stated that he had collected considerable material which he hoped to use in acquainting his fellow-countrymen with "real conditions." He said that the public in the United States, "due to ignorance, blamed Japan for violating the Nine-Power Treaty, whereas Chungking was the real violator by starting action against the Japanese in the form of anti-Japanese movements, boycotts of Japanese goods, etc."

In a statement at Shanghai Dr. Whitney was critical of American statements on Japanese military activities in China, alleging that all of the Americans he had met were "pro-Chinese." Dr. Whitney did not think it was necessary for the Mission to visit "Free China" in order to obtain a true picture of conditions in China. He said that they had received statements of the "correct" Chinese viewpoint, but declined to state when and where they had interviewed Chinese who were not connected with puppet governments. Whitney was convinced that the United States should make peace with Japan in view of the gathering war clouds in Europe. He thought the United States would require its fleet for convoying troops to Europe, hence would have to withdraw from the Pacific. He therefore advocated a deal with Japan, leaving that country in control of the Far East.

Major-General O'Ryan and his associates visited Mayor Fu Siao-en of the Chinese Municipality on August 6. The group also went to Nanking where they called on Wang Ching-wei and members of the Japanese-supported government. The party departed from Shanghai by Japanese airplane en route to Tokyo on August 7. Members of the Mission declined to state in what form their report would be issued. They stated that it probably would be compiled while on shipboard on the return voyage.

Major-General O'Ryan laughingly stated that his party had attended more than 30 dinners, 15 luncheons and more than a dozen round-table discussions and in consequence they had a rather confused idea of the information which had been supplied to them by their Japanese hosts.

London Retaliates for Arrest of Britons in Japan; Tokyo Embarks on Big Anti-Espionage Campaign

THE unexpected has happened. Instead of reacting to the arrest of a number of Britons in Japan by merely registering a perfunctory protest, the British Government has retaliated by arresting two prominent Japanese subjects residing in Britain and others in Burma and the Straits Settlements, while according to a *Trans-ocean* report from New York, British banks are refusing to discount Japanese commercial paper. The two London Japanese were arrested on August 2, just one week after the arrests of Britons in Japan commenced, and they were confined in Brixton Prison, London. Their names are:

Mr. Satoru Makihara, manager of the London branch of the Mitsubishi Shoji Kaisha.

Mr. Shunsuke Tanabe, acting manager of the London branch of the Mitsui Bussan Kaisha.

After these arrests were made, it was found that another Japanese subject, Mr. Takayuki Eguchi, a member of the staff of the London branch of the Bank of Formosa, had been arrested as early as July 10 and confined in Pentonville Prison. Mr. Makihara has since been released and the other two Japanese are to be deported.

The British Government made no statement concerning the reasons for these arrests, but permitted the view to circulate that the Japanese subjects were nabbed, not as an act of retaliation for the arrest of Britons in Japan, but as a precautionary measure taken in terms of an Ordinance issued under the Emergency Powers Act, which provides for the arrest and detention of foreigners who commit acts detrimental to Britain's defense. This might reasonably be argued as regards the arrest of Mr. Eguchi, but not in the case of the two more prominent Japanese subjects taken into custody later. There can be little doubt but what those two men were arrested as an act of retaliation for the arrest of Britons in Japan.

As was only to be expected, the arrests caused an uproar in Japanese official circles, and a section of the Japanese press is openly calling for a rupture of Japan's diplomatic relations with Britain and the alignment of Japan with the Axis Powers in Europe. When foreigners are arrested in Japan on the flimsiest of pretexts, and subjected to all sorts of maltreatment, Japanese officialdom resents to an extraordinary degree the legitimate protests from governments whose nationals are involved. When the shoe is on the other foot, the world is treated to a display of Japanese indignation which in the circumstances can be regarded only as the crassest hypocrisy. It might be mentioned parenthetically that the Japanese subjects placed in British prisons undoubtedly received much better treatment than the unfortunate Britons confined in the prisons of Japan. There was much less reason to fear for the fate of the arrested Japanese than for the arrested Britons. The world knows only too well how prisoners are treated in the Island Empire.

Mr. Yakichiro Suma, spokesman for the Foreign Office in Tokyo, told foreign correspondents on July 31 that the Japanese Government would refuse to give consideration to any British protest against the arrest of the Britons. It was a mistake, he said, to assume that the sudden Japanese action was aimed entirely against Britons, since any others engaging in espionage in Japanese areas, regardless of nationality, would be "relentlessly dealt with" by the Japanese authorities.

On August 2 the Tokyo *Nichi-Nichi*, one of the most influential of the Japanese newspapers, declared that the Japanese Government was determined to reject

all British protests or demands in connection with the Britons arrested "on charges of espionage." The men were arrested in accordance with the anti-espionage laws, the paper stated, and any demands would be regarded as an attempt to interfere with Japanese internal affairs.

If this is the official Japanese attitude—and there is no doubt that it is—the action of the Japanese Government in filing a "strong protest" with the British Government against the arrests of Japanese in England is insolent in the extreme. Japan, it seems, reserves the right to reject protests even before they have been filed, but rushes in to file her own protests and to let it be known that she expects satisfaction. Semi-official circles in Tokyo, according to *Domei*, pretend to see a difference between the two sets of arrests. The Britons were arrested in Japan, they said, in the interests of peace and order within the Island Empire, while Britain's action in arresting the Japanese was "actuated by political motives."

"Military Objectives"



China Today

News item:—"Japanese planes bombed various military objectives in west China today."

Actually there is no difference between the two cases. Both in Japan and in England the arrests were of an arbitrary character. The persons selected for the discomforts of prison life—both the Britons and the Japanese—were obviously chosen for their prominence and without reference to any specific crimes that might subsequently be charged against them. They were arrested under vague, general laws which give the authorities in both countries wide powers to arrest any person at any time, with or without knowledge of his or her guilt. It is doubtful whether the Britons in Japan or the Japanese in England have committed any specific crimes. They must be regarded as victims in a diplomatic game, the outcome of which will decide Japan's alignment in the struggle which is proceeding in Europe.

CHARGES AND COUNTER-CHARGES

The arrest of the Britons in Japan has been followed by reams of Japanese propaganda, alleging that practically

all prominent Britons and British organizations in Japan—including the diplomatic and consular services—have been engaging in espionage. The British have retaliated by alleging widespread Nazi activity in the Island Empire and Nazi inspiration for Japan's newest anti-British campaign.

A spokesman of the Japanese Army started the ball rolling on July 30 with an oral statement cabled to Shanghai by the *Domei* agency. Warning the nation to exercise special care to safeguard state and military secrets, the statement opened with general references to alleged "espionage, propaganda and intrigues," and then dealt specifically with the British. The full statement was as follows:—

Espionage, propaganda and intrigues by agents in Japan of foreign Powers hostile to Japan have recently been conducted through their networks based on ordinary economic, religious and communications organizations and their activities have been continued through legitimate channels.

Although these foreign Powers send few special investigators to Japan, such as are sent find their activities made exceptionally difficult by the well-developed anti-espionage system in this country. Therefore these foreign Powers usually act through various organizations and under cover of legitimate activities collect as much information as possible from which to guess at the facts they are seeking. The Japanese nation should not be deceived by the legitimate aspects of these activities of these foreign agents and should be extremely careful to safeguard state and military secrets.

Furthermore, foreign Powers hostile to Japan have recently been adopting more ingenious methods in their propaganda work in Japan. Such propaganda activities have been conducted indirectly under cover of legitimate activities hardly suggesting their true character. The Japanese people should therefore be extremely cautious and should not be credulous. The people should also follow developments in the international situation carefully.

Foreign Powers hostile to Japan have been active for more than 30 years in conducting intrigues in various spheres of Japanese life and society with the purpose of influencing the thoughts of the Japanese people. For instance, the first stage in the execution of British Far Eastern policy has always been the establishment of a pro-British group in the country through which Britain works to spread pro-British sentiments through the expanding activities of the pro-British group. The pro-British group, or pro-British sentiments, then become the hot-bed of British espionage and propaganda activities. In this sense, therefore, it is of great importance for Japan to appreciate foreign ideas and affairs without losing the true spirit of Japan.

Most regrettable is the fact that some Japanese are acting as agents for foreign countries hostile to Japan and are engaged in espionage activities, fully aware of their guilt. The Japanese authorities will not hesitate in taking strong action against these unpatriotic Japanese. There are also some Japanese who come together with foreign nationals with the good intention of improving the nation's foreign relations, but their efforts, to our great regret, result in the leakage of information to these foreign nationals. Such people should be extremely prudent, fully realizing their limitations.

The Japanese Military, the Government and the nation should be united in national defense in thought so that espionage, propaganda and intrigues by foreign agents would be frustrated and the true spirit of Japan be safeguarded.

The above statement by the Army was followed by a lengthy, officially-inspired *Domei* report which outlined, on the basis of information supplied by well-informed quarters, the supposed workings of the "well-organized British espionage and propaganda machine in Japan and the Far East," as follows:

For British propaganda in the Far East generally, the Far Eastern Bureau of the British Ministry of Information was established in Hongkong. In close connection with the Hongkong Bureau, the Cultural Research Institute and the Information Department of the British Embassy in Tokyo had been organized under Mr. H. Vere Redman. Under these two official organizations, various committees had been established in Tokyo, and at the British consulates at Yokohama, Kobe, and Keijo, to conduct British propaganda activities. Four major objectives have centralized the activities of British propaganda in Japan. These, well-informed circles here summarized as follows:

1. Efforts to lead the Japanese people to favor Japan's participation in the European conflict on the side of Britain;
2. Prevent Japanese military assistance to Germany or Italy;
3. Interfere with and impede the conclusion of a Soviet-Japanese non-aggression pact.

Towards these aims, British propaganda agents have been approaching pro-British elements among the upper classes of Japan, among whom they have advocated that Anglo-Japanese cooperation was imperative for the stabilization of East Asia. They also stressed the harmful effects on the future of East Asia of the Soviet-German rapprochement.

In emphasizing their conviction in Britain's final victory over Germany, these British agents have attempted to induce Japan to take an anti-German stand. They also attempted to prevent Japan's material assistance to Germany by stressing that the Reich would not be able to pay for purchases from Japan, whereas Britain is buying large quantities of Japanese goods, the total of which would increase as the war went on.

To impede the conclusion of a Soviet-Japanese non-aggression pact, the British agents have been underlining the historic destiny of Russia and Japan, and have pointed to the encroachment of the Soviet Union into Outer Mongolia, Soviet assistance to the Chungking regime of China and aid for the Chinese Communist Party.

British propaganda has not only been active in pro-British circles in Japan but has also been directed at senior statesmen of Japan, upper-class Japanese and leading Japanese journalists. British propaganda has also been aimed at the Japanese rightists susceptible to such arguments as the British agents could summon for their purposes. It was through these influential circles that the British agents attempted to influence the masses of Japan.

The mediums of British propagandist endeavors were the circulation of news stories and pamphlets, sponsored meetings and the distribution of motion picture films.

Discussing the effects of British propaganda efforts in Japan, these well-informed quarters declared that while it was true that the Japanese people generally learned how British propaganda worked during the last war against Germany, the younger generations of Japan were not so well-informed and were prone to be influenced.

British propaganda news was circulated to no less than 1,100 Japanese business firms and 800 Japanese officials, 250 Japanese newspapers and magazines and also 100 schools, 100 churches and public offices.

Listing British business firms and various organizations in Japan which had become the hot-bed of British propaganda and espionage activities, well-informed Japanese circles here declared that there were 200 British business firms, 30 associations and clubs, 810 schools, 2,000 churches and institutions under British influence in Japan.

Although the Military Resources and Secrets Protection Law had been in effect, secrets of major Japanese factories and companies had become legitimately known to British agents through the fact that these companies and factories had British capital.

In order to wipe out the whole network of British propaganda and espionage in Japan, these well-informed circles declared, it would be necessary for the Japanese attitude of depending on Britain to be entirely discarded.

The Japanese press was not slow in taking the official hint to work up a first-class spy scare. Leading the pack was the Tokyo *Nichi-Nichi*, which on July 30 asserted that British propaganda and "activities for fostering fifth columnists" had been energetically carried on in Japan since the outbreak of the European war with the purposes of molding Japanese public opinion so as to induce Japan to join in the war on the side of Britain, persuading Japan to refrain from giving military or material assistance to Germany or Italy, and obstructing the conclusion of a non-aggression pact between Japan and Soviet Russia.

According to the *Asahi Shimbun*, the same day, Great Britain had set up a network of organs for conducting systematic propaganda and conspiracies throughout Japan, using as instruments certain Japanese firms with British affiliations, some 30 associations and clubs, 810 schools and 2,000 churches. The paper alleged that a certain British firm (which it did not name) had instructed all its branches, business offices and agencies to report on Japanese airfields near them—in 1931, when the "Manchurian Incident" broke out! Toward the end of last year, the paper continued, this firm (which had its headquarters in London, head offices for Japan near Yokohama, branches at Tokyo, Osaka, Seoul and Taihoku, with agencies in 110 towns throughout Japan) suspended the distribution of gasoline, despite the fact that its Japanese godowns were well stocked with the fuel. The British firm stopped the supply, the *Asahi* averred, with the intention of "injecting anti-war sentiments among the Japanese masses by giving them the impression that

the protracted hostilities in China were responsible for the shortage of petrol supplies."

The *Hochi Shimbun* published equally hair-raising stories of British intrigue. It declared that fire and motor car insurance companies either financed or managed by British capital had been actively surveying factories throughout Japan as well as noting the number of motor vehicles in the country! Worse still: "British religious organizations and educational institutions in the country have also been performing the duties of fifth columnists in Japan."

Within the next few days, the anti-British campaign was stepped up and charges became a little more specific. On August 1, *Domei* claimed to have reliably learned that 60 per cent of the scores of cases of violations of the Military Secrets Act since the outbreak of the China war, involved Britons. The *Asahi* charged that reports compiled by British agents in Japan had been reaching Chungking. The *Nichi-Nichi* asserted that material proving that the late Mr. Melville James Cox, Reuter's Tokyo correspondent who allegedly committed suicide, had been connected with espionage of a military nature, had been found in the deceased's house. The *Hochi Shimbun* declared that the Far Eastern Department of the British Ministry of Information is involved in foreign espionage activities in Japan and should be investigated. Improving on its previous stories, the *Asahi* suddenly discovered that a member of the British Embassy in Tokyo had "spied in Tokyo harbor and stole Japanese shipbuilding plans." It was the German *Transocean* agency which carried the latter story to Shanghai.

The British have not been slow in answering—unofficially—these charges, though instead of engaging in a fruitless attempt to defend the Britons arrested in Japan against what are still vague allegations, they have preferred to assert that the current Japanese campaign against Britain is Nazi-inspired. The Diplomatic Correspondent of the London *Times* declared that the Britons arrested in Japan had all been prominent in trying to heal relations between Britain and Japan (i.e. supporters of Britain's Far Eastern appeasement policy) and that their wishes and hopes had irritated anti-British and extremist groups who all too readily listened to the many organized Nazis in Japan. According to a *United Press* report from London on August 3, British quarters there assert that German Gestapo (secret service) agents are stationed in the Japanese Home Office, which is the department responsible for the arrest of the Britons. In this connection, a certain Herr Franz Huber was mentioned as having been an informant in the Japanese Home Office since 1937 when the Anti-Comintern Pact was signed. Formerly he was attached to the German Embassy in Tokyo.

The German press commented jubilantly on the arrest of Britons in Japan. According to the *Deutsche Diplomatisch-Politische Korrespondenz*, organ of the Wilhelmstrasse, the arrests dealt a severe blow to the British Secret Service. British "fifth column" activities in Japan, the paper said, were designed to disturb relations between Japan and Germany and to prevent a Japanese understanding with Soviet Russia. But the new Japanese Government had energetically intervened and had succeeded in removing a "center of agitation" which had been conducting subversive work in the Island Empire.

In connection with the death of Mr. Melville James Cox, Reuter's correspondent in Tokyo, Berlin asserted that "the connection between the British Intelligence Service and Reuters has become very close, not only in Japan but in other countries" and added that "agents of the British Secret Service today hold important positions in practically every Reuter office." Reuters head office in London issued a vigorous denial of these assertions, describing them as "a complete lie from beginning to end" which was obviously put out in order to mis-

lead or impress those people abroad who have no means of testing its veracity.

That a rupture of relations with Japan is envisaged by the British as a clear possibility if present developments go much further, was indicated early this week by fresh arrests of Japanese subjects, not only in England but in other parts of the Empire. Several have been apprehended in Burma and the Straits Settlements. The Japanese, too, have been pursuing their side of the campaign. While six of the Britons arrested in Japan are reported to have been released, others who have been taken into custody or subjected to police interrogation in Korea and North China. The *Peking Chronicle* reported August 1 that the leading officers of the Salvation Army in Peiping had been summoned to the headquarters of the Japanese gendarmerie to report on their organization and activities. The day previous, 43 Chinese members of the Salvation Army in Tientsin were interrogated, while six foreign members of the Army at Peitaiho, including Major and Mrs. Walker, were also questioned.

The Chinese press has commented extensively on the newest phase in Anglo-Japanese relations. In the view of the *Chung Mei Jib Pao*, Japan's truculence is "the logical result of the Anglo-French policy of compromise and appeasement towards Japan." This policy, the paper declared, has aggravated the Far Eastern situation and is therefore bankrupt. According to the *Shun Pao*, the Britons were arrested in Japan so that the Japanese Government might be able to sound out the true attitude of Britain, Germany and Italy. Tokyo wants to see how far Britain will go in making concessions, but also wishes to see the German reaction to Japan's truculence toward Britain. Japan is desirous of joining the European Axis, the paper asserted, but Germany and Italy, having already won half the European war, appear extremely cool to Japanese overtures.

In Which We Ask a Few Pertinent Questions

THE officially announced circumstances of the death of Mr. Melville James Cox, chief correspondent in Japan of the Reuter agency, suggest several questions to which it would seem that answers are highly desirable. According to an official announcement in Tokyo on the day Mr. Cox died, the deceased broke away from his police captors in a room on the second floor of the Gendarmerie Headquarters and leaped from a window to the pavement below.

On July 31, the pro-Japanese *Shanghai Times* published an exclusive photograph—obviously supplied by the Japanese—which indicated Mr. Cox's death leap by means of a dotted line. The building shown as the Gendarmerie Headquarters is a four-storey structure if the ground floor is included. The dotted line extends to the pavement, not from the second floor but from the *top floor* (fourth floor American style, third floor British style), an "X" marking the window from which the leap was supposedly made.

The photograph also indicated that the leap was made from a part of the building which faces a courtyard—not the street—so that there were presumably no witnesses, except police witnesses, of what occurred. There have been innumerable instances in which persons have leapt or fallen from second-storey windows and sustained no worse injury than a broken leg or arm, whereas a three-storey drop is usually fatal. Did the Japanese hastily correct the original story of a two-storey leap in order to make Mr. Cox's suicide look "genuine?"

Then there was the note which Mr. Cox allegedly wrote just before he died. Photostats were made of the note and they were released to the press. Mr. K.

Selby Walker, acting general manager of Reuters Far Eastern Service, who flew to Tokyo from Shanghai to look after the deceased man's affairs, is reported by *Domei* to have declared the note genuine. Similar testimony is said to have been given by British Embassy and consular officials in Tokyo. But this still leaves certain things to be explained.

Why, for instance, should Mr. Cox have gone out of his way, as he apparently did in his last words before death, to say that he had been "well treated" by his Japanese jailers? For his own sake, he would certainly have had no reason to pay this curious tribute. Is it possible that he feared for the safety of someone dear to him—his wife, perhaps? Threats of reprisals against the relatives of arrested men are common in totalitarian countries whose judicial and police systems have little in common with the ideas and practices of justice.

Then there is the phrase in the note wherein Mr. Cox says that "there is no doubt how matters will turn out." This ambiguous phrase can be interpreted in two ways—either as an admission of guilt, or as the hopeless gesture of a man who, though innocent, feels that he is lost. The first interpretation would give a more or less clean bill of health to the Japanese police; the latter would be a damning commentary on the Japanese police system. A man about to take his own life would in any case not be so deliberately ambiguous unless he were acting under some sort of compulsion. On the contrary, he would want to clear himself.

Another point: Japanese reports have made it appear that the note was "discovered" after Mr. Cox had jumped to his death. But since Mr. Cox was in the gendarmerie building undergoing a "grilling" just previous to the leap, it is hardly likely that he could have scribbled the note without his interrogators being aware of it. The presumption is that they did know—and not only that they knew, but that they dictated at least a part of its contents, the part which told how well they had been treating their prisoner.

More could be added to this dissection of the circumstances of the death of Mr. Cox. Suffice it, in conclusion, to mention the extreme anxiety of the Japanese authorities to make it appear that Mr. Cox in fact committed suicide. The Japanese have protested just a little too much to make their story convincing.

U. S. Foreign Service Has Met Unprecedented War Strain

RAYMOND H. GEIST, Chief of the Division of Commercial Affairs of the Department of State, disclosed for the first time, in an address at San Francisco, the complications which the European War produced in the American Foreign Service. Speaking before the twenty-seventh National Foreign Trade Convention at San Francisco on July 29, Mr. Geist said that the war had created an unprecedented strain, not only upon every officer in the service, from the standpoint of work and multiplicity of responsibilities, but with regard to the service as a whole. Mr. Geist said:

"The Government has closed five missions in various capitals of the world and fourteen consular offices. During the same period one new mission has been opened, and seventeen consular offices. Diplomatic representation was withdrawn from Tirana, Albania, on September 16, 1939; from Brussels, Luxembourg, Oslo, and The Hague on July 15, 1940. Since then the new mission at Canberra, Australia, has been opened. The Consulate General at Warsaw has never formally been closed but it is no longer functioning. The Consulates have been closed at Strasbourg, Havre, Lille, Calais, and Cherbourg in France. The office at Danzig has been removed to Koenigsberg in East Prussia. Breslau in Germany was closed a few days after the outbreak of war in Europe. We have closed our offices at Hull, England, and at Dundee, Scotland. In this hemisphere we have closed the consulates at Saltillo, Mexico, and at St. Pierre, Miquelon. The Consulate at Ensenada, Mexico, has been transferred to Tijuana and that at London, Ontario, to Sarnia. We have opened consulates in Iceland and in Greenland. Additional consular establishments have been set up in certain places in Canada, Colombia, the West Indies, British Guiana and Brazil. These changes indicate the strain which the international crisis has placed upon diplomatic and consular activity in various parts of the world. Nevertheless, in spite of these grave events our Foreign Service establishments have con-

tinued to function at top speed; and where our officers have had to carry on sometimes in the midst of invasions they have not failed to extend every protection and aid to American interests affected by the course of the war.

"The Department, however, has not interrupted the program which has now been in progress for some time of combining the various governmental establishments at the capitals into unified offices. At present there are thirty-three missions in the world where all the activities of the governmental agencies are under one roof and where a single administration under the supervision of the Ambassador or Minister has been established. This scheme of uniting all governmental activities in one mission has made it possible to carry out effectively the provisions of the reorganization plan by which the commercial and agricultural attaches became officers of the Foreign Service of the United States."

Widespread Drives Against Nazi Propaganda in America

THE magazine *Newsweek* (June 24) stated that Arthur Dietrich, press attache of the German Legation and brother of Hitler's press chief, Otto Dietrich, had been told to leave Mexico or be ejected. It was claimed that an investigation had disclosed his connection with espionage and subversive propaganda work in Mexico, the United States and most of the South American countries.



Newsweek Photo

Arthur Dietrich, Nazi leader, ousted from Mexico.

was referred to Secretary of State Cordell Hull by Gov. Sam Houston Jones of Louisiana.

Arthur Klapprott, leader of the German Bund organization in New Jersey, declared in a speech that it was ridiculous to regard the German Bund as a Fifth Column organization. Mr. Klapprott spoke from a platform which was draped in American flags and the symbol of Hitler's Elite Guard.

Official American interest in Nazi activities in the United States was evidenced once more on July 26 when Mr. Sumner Welles, Assistant Secretary of State, told the press in Washington that the State Department was considering protests against the appointment of Dr. Friedrich Ried as Consul in the German Consulate-General at New York. It had been reported that Dr. Ried had been requested to leave Brazil because of his activities on behalf of the Nazi party, and a number of organizations in the United States, according to a *United Press* dispatch, have protested to the State Department against his presence in that country.



Newsweek Photo

Arthur Klapprott, Nazi leader in New Jersey, U. S. A.

The Prisoner of Nanking

— BY CHESTER S. HOLCOMBE —

SURROUNDED by the Japanese military, stymied by Nippon diplomacy, constantly fearing for his life, Wang Siao-ming, popularly known as Wang Ching-wei, is today virtually a prisoner in the hands of the aggressor in his native land.

"We do not want to be slaves of Japan," the Tokyo-sponsored Acting President of the "Reorganized National Government" told this writer in an interview in Nanking a few days ago. The veteran diplomat, right-hand man of Generalissimo Chiang Kai-shek until his flight from Chungking on December 20, 1938, was tense with excitement as he made his fervid plea. He seemed perfectly sincere as he practically begged for cooperation from Japan in his so-called peace drive, aimed at settling the differences between the two nations.

To date he said that he has had nine conferences with the Japanese peace delegation, in an attempt to declare a "peace" between the two nations. However, he said, "we may be able to come to terms in a month or two."

"President" Wang has lived alone in a rather newly-constructed and modest-sized house in a section of Nanking not far from the surrounding city wall, ever since his wife left for Canton for an unexplained reason. His two sons and three daughters are also elsewhere.

But around this single-blessedness of Wang's home life is built the most impregnable armament imaginable. He is protected from the Chinese troops and civilians loyal to Chiang Kai-shek by Japanese troops surrounding the city, in advantageous spots in the hills, as the first line of defense.

Approaching the great stone walls that surround the city itself, running 23 miles in length, it is found that the Japanese military stoutly defend every gate and thorough examination is made of everyone going in or out. The casual visitor is forced to get out of his car and then get back in again.

A third line of defense are the numerous street patrols of Japanese gendarmarie and Chinese policemen, while final protection is rendered by the men immediately around and within the 15-foot walls surrounding the home of the "President." These men are not equipped with the old-fashioned army rifle and bayonet, but with fast-acting, short-barreled machine-guns which would do a lot of damage at close range. Mr. Wang added five feet additional to the top of the wall when he moved into the house early this year, bringing the barricade up to its present height.

The natural beauty of the country surrounding the ancient city is still there, the Purple Mountains, wherein is buried Dr. Sun Yat-sen, venerated father of the Republic of China, of whose teachings Wang puts much emphasis on the admonition that "China's revolution, in order to be successful, must have Japanese understanding."

The beautiful ponds, filled with pink-blossomed lotus plants, the tombs of the Ming dynasty, with the rows of stone elephants, are still there, untouched by the fierce fighting two years ago.

I heard a little machine-gun fire near Soochow, as I proceeded from Shanghai by train. It was not much, probably just a little foray with some Chinese guerrillas. But it proved the need for the Japanese sentries clustered at half-mile intervals all along the railroad right of way. It was later revealed to me that on that very same day at Soochow the native Chinese puppet mayor was shot, by whom and for what reason is still unknown.

The city of Nanking itself, where two years ago the Japanese Army carried out the greatest rape, destruction and mass killing in modern history, is a dead city. Every other building is still a shambles, a skeleton monument to what went on during the war. The great wall itself is practically intact, serving as a valuable barrier around the city for the Japanese purposes. Nanking is an armed camp.

However, the Japanese Army has done much building in the city, which has such a great area. The military have completed a tremendous amount of building since they took over in December, 1937, but there has been

The Prisoner



Wang Ching-wei

an infinite amount to do. The city has been growing, too. It now numbers about 500,000 according to reliable estimates, including a large Japanese population, but only about 200 non-Japanese foreigners.

It was late in the afternoon when the car from the Japanese Embassy called at my hotel to take me to see Mr. Wang. It was still bright with sunshine, but the sun was low and the shadows were beginning to lengthen as I approached the residence, as if to forecast the continued dark future ahead for Japan's "President of China."

It was quiet and peaceful as we approached the doors, and getting out I was met by the guards at the iron-clad door, with the usual sliding panel to peek out of. Finally I was ushered in, passing through the courtyard thick with sentries, who saluted and clicked their heels in the best military fashion. In the house I was met by Mr. Wang's secretary and shown into a sitting room.

Suddenly, he appeared. Coming through the door quietly and suddenly, he moved with studied ease, and

with a smile took my hand. Seated, the three of us, Wang, his secretary acting as interpreter, and myself, were very much at ease in the luxuriously-furnished room.

The former well-known leader in the Chinese Government, dressed in white, seemed to be in good health, but refused a cigarette because he no longer smokes, due to a stomach ailment.

"There has been a misunderstanding for some time over the question of foreign nations' rights in China," declared Mr. Wang in answer to my query on the subject. "The Chinese have for many years been against the idea of extraterritoriality, because we believe that it is an old, outdated idea. We ask that all nations give up their treaty rights in China. The first ones to do

Puppet Crowned



Chungking paper depicts the puppet Wang Ching-wei in the act of being crowned by his lord and master, Imperial Japan.

so will be given special privileges which will far outweigh their rights under the existing treaties."

His words brought to my mind the incident of Russia losing her rights after the World War, and her loss in the business field since then.

Mr. Wang spoke in clear, fine Mandarin, his ideas punctuated by gestures of his arms, and occasionally moving forward in his overstuffed chair to drive home a point. His secretary translated in a fine, well-pronounced English. Wang looked young for his 57 years, but he seemed nervous and his cheeks were flushed. There is not an ounce of fat on his frame, he is well-built and distinguished-looking.

He said that nine meetings between the Japanese Ambassador, General Abe, and himself have been held already, in an attempt to sign a "peace" declaration, supposedly ending the hostilities between the two nations. With the "peace" signed, Chiang Kai-shek would become a mere rebel.

"The future for peace in China looked very dark when I made my peace declaration on December 29,

1938," said Mr. Wang. "However, I am surprised at the results that the plan is achieving. It is not yet in effect, but I believe that we can sign the treaty within a month or two."

Wang certainly looked honest and sincere as he spoke of his plans and alleged success. However, the thought that he has been pinned down to his "Presidency" at Nanking for months, seemingly with little actual contact with the outside world, made me take his words as those of a man who is apt to do a little wishful thinking.

"America should combine with Japan and China for peace in the Far East," urged Mr. Wang, "because the danger of the Communists in China is getting ever greater. There are two reasons why the United States should be helpful to the plan. First, economically, Japan depends on America for many imports. It is a chance for America to increase her business with Japan and China also. Secondly, politically, the three nations should put up a common front against the Reds. Russia's ambitions in the Far East are well known.

"America has no love for Russia. It should help its friends in the Far East against the Kremlin."

The speaker then addressed his remarks to Japan.

"Nippon is not isolated. It must have China for a friend," declared Wang, in a half-way warning to Japanese imperialists to ease pressure on China.

In a fervid plea that Japan really cooperate with China, Wang told me that he would not budge an inch toward a final peace without open-minded help of Japan. His words seemed like rain spattering off a tin roof, as he sat there guarded against his own people by the invader from across the sea.

It was recalled that a leading Tokyo journal just a few days ago recommended that the idea of the Wang Ching-wei Government be abandoned and a pure and simply military rule be reorganized.

Foreign residents in the "capital" were unanimous in scoffing at the "power" of Wang Ching-wei. He is afraid to venture out of his home, they declared.

That is the situation in Nanking. Wang, once President of the Kuomintang, a leader in the lawful government of China, a man whose eloquence is still practised by students of his methods, a keen diplomat, a scholar of the old school in China, is a prisoner.

With his fellow-Chinese right in the same city treated only as servants and slaves by the Japanese, rice scarce in the city and high in price, and every honest member of his race loyal still to Chiang Kai-shek, the picture of Wang Ching-wei as "President" of China is a pitiful one, and will, if present conditions hold, be a fleeting one.

In all fairness, one must mention that the Japanese treat their visitors with every possible consideration in Nanking, and entertain them royally. The members of the Japanese Embassy in Nanking were busy for several days escorting members of the Spanish and American economic missions around the city, feting them and doing them honor.

Major-General John F. O'Ryan, head of the American "mission," but admittedly in Japanese employ, was there, but one did not see much of him.

As I entered the American-made Lockheed airplane, with its Japanese adornment of red spots on the wings, it was a curious sensation. It was leaving a prison camp for me. And I was leaving Nanking, a strange Nanking, and Wang Ching-wei, a strange prisoner.

Shanghai's Coal Problem: Prospects for Winter

BY JOHN AHLERS

THE coal situation at Shanghai considerably improved during the past two months and a half, though not for many of the local dealers in coal. Present Shanghai supplies are fairly large. Together with the regular arrivals from Chinwangtao and the fulfilment of still outstanding orders placed in the South, there should be sufficient to cover local demand for approximately three months. Recent coal orders which local dealers placed in British India provide for late October delivery only, and are reported to aggregate 100,000

a sharp reduction, and the beginning of the summer slack season made matters worse. Today, Shanghai dealers and speculators in coal are heavily overstocked, and in their anxiety to dispose of their large stocks they depressed the level of "tea house" coal quotations to far below current replacement cost. Indian coal from local stocks, therefore, at the present time may be purchased comparatively cheaply, and in all probability much cheaper than from the beginning of next winter. Here, for once, seems to be a temporary good investment in kind.

Kailan coal, of course, is still much cheaper than foreign bituminous coal. The Kailan Mining Administration recently had to give up to the British Government several vessels for which charterage was paid at low rates dating from the time before the start of the European war. Kailan had to charter new bottoms at

Bakelite—One of Shanghai's Newest Industries



Shanghai Power Co., photo.

This recent display in the window of the Shanghai Power Company illustrates processes in the manufacture of "Bakelite" products which include a wide variety of containers of all kinds used principally in households, restaurants, etc.

tons. Local so-called "tea house" coal quotations, i.e. prices quoted by the big Chinese dealers, have decreased enormously. Indian lump, about the middle of May, was quoted around \$300 per ton, but today may be purchased at \$180 to \$190 per ton. This price decline is by no means simply due to the Chinese dollar's reaffirmation; local quotations for Indian lump decreased from U.S.\$13.50 to \$U.S.12 in terms of foreign currencies, too.

Chief reason for the sudden increase in local coal supplies and the subsequent price drop is that dealers as well as outsiders, in the expectation of extraordinary shortage and a yet higher price level at Shanghai, late in April and in May placed large speculative orders for bituminous coal in India, and for anthracite coal in Indo-China. Their expectations were disappointed later in May and in June by the general defeat of Shanghai exchange, and by stock and commodity speculation which was followed by the turn from boom to depression in local industries. Industrial demand for coal suffered

considerably higher rates, and consequently was compelled to increase its coal prices c.i.f. Shanghai by some 10 shillings per ton. Yet the highest grade of Kailan coal today still sells as low as around \$120 per ton, i.e. \$60 to \$70 lower than "tea house" foreign coal, and at but half the price coal now arriving from India would cost. Naturally all Shanghai coal consumers would much prefer buying cheaper Kailan coal instead of expensive foreign bituminous coal, but the supply of Kailan coal is limited, and has to be rationed.

The local public outside coal trading circles is not too well-informed on some vital aspects of the coal situation. All too frequently the Kailan Mining Administration has been blamed for letting Shanghai down. Such accusations do not hold good in the light of facts. Shanghai's requirements of bituminous coal prior to the outbreak of the Sino-Japanese war were around 3,250,000 tons. They have been much lower during the past two years, averaging about 150,000 tons monthly in the summer slack season which we now experience,

and rising to 250,000 tons a month in the busiest period last winter. They approximate some 2,200,000 tons per annum, i.e. about 1,000,000 tons less than before the war. Yet Kailan continues to supply Shanghai with roughly 1,000,000 tons of coal per annum as compared with between 900,000 and 1,250,000 tons in the last pre-war years. The quantity of Kailan coal sold at Shanghai thus has not substantially decreased, while as a result of the decline in total local coal consumption the share of Kailan coal in the local coal supply increased from between 35 and 40 percent to 45 percent.

The chief reason for which Shanghai today is compelled to depend upon expensive foreign coal for more than half its coal requirements, is that coal from North and Central China mines others than the Kaiping mines has practically ceased coming to Shanghai. Such Chinese coal other than Kaiping coal formerly provided a large portion of the Shanghai coal supply. Japanese occupation of all the important coal-mining districts in North and Central China, and Japanese seizure of all the Chinese owned mines in these districts, has cut Shanghai off from access to this coal. The Chinese-owned mines concerned were all incorporated within various bogus "Sino-Japanese" (in reality Nipponese) companies which form subsidiaries of the semi-official Japanese North and Central China Development Companies. The output of these mines, as far as it is not required for Japanese-sponsored purposes in the interior, to the great detriment of Shanghai has been, and continues to be systematically diverted to Japan proper to relieve the evergrowing coal shortage there. Most of these expropriated Chinese-owned mines yield between 60 and 70 percent of their coal output for shipment to Japan. The British-owned Kaiping mines, on the other hand, managed to keep deliveries to Japan at the pre-war level of about 33 percent of their total output.

A few figures will substantiate these statements. Coal production in North China this year probably will not much surpass 10,000,000 tons. The Kaiping output alone now averages between 19,000 and 20,000 tons a working day, and is likely to aggregate 6,000,000 tons a year. Of this output, the Kailan Mining Administration is under contract to ship to Japan 2,000,000 tons (against 1,700,000 tons sent to Japan out of the pre-war output of 5,000,000 tons). Just as before the war, Kailan yields to Japan about one-third of its output. Another 2,000,000 tons of Kaiping coal are being sold in North China; about 1,000,000 tons go to Shanghai; and the remaining 1,000,000 tons go to other Chinese ports and to Hongkong. The expropriated Chinese-owned mines in North China this year will account for an output of slightly above 4,000,000 tons, but will yield to Japan, at the recent rate of shipments to that country, no less than 2,600,000 tons, i.e. almost two-thirds of their total production against Kailan's one-third. While Kailan's output is sharply on the increase, the output of the other mines has risen insignificantly or not at all, but the Japanese bring ever increased pressure to bear upon them in order to secure more Chinese coal for their home country. Coal exports from China to Japan almost doubled during the first half of this year. The Customs returns of foreign trade show that January-June exports of coal this year aggregated 2,328,609 tons against 1,220,036 tons in the first half of the past year. Some 2,000,000 tons of this coal went to Japan proper, while the bulk of the remainder was diverted to the Kwantung Leased Territory and Korea.

Shanghai's coal imports during the first half of this year aggregated 1,094,232 tons, whereof roughly 700,000 tons were bituminous coal (imports from French Indo-China mostly consist of anthracites). These imports of bituminous coal, more than half of which was derived from British India, form less than one-third of concurrent shipments of such coal from China to Japan. It is obvious, from these figures, that it is what the Nip-

ponese call their "development" work, their efforts at "Sino-Japanese economic cooperation" which deprive China's most important economic center of a sufficient supply of Chinese coal in favor of Japan where progressive over-industrialization continues to boost the coal demand. Coal provides an excellent example of the true meaning and results of the Japanese grip upon occupied China's economic resources. The fuel support which occupied China is compelled to give to Japan's industries is made possible only by the withdrawal of domestic fuel support to the industries in the China ports. The fuel advantages which Osaka derives from the Japanese conquests in China are the direct counterpart of the fuel disadvantages suffered by Shanghai as a result of that same conquest.

Though Shanghai during the past few weeks has been amply provided with coal, and although prices even for Indian coal (due to the dealers' and speculators' plight) may be considered favorable, we cannot feel relieved about our coal situation. Within a few months the "tea house" dealers will get rid of their surplus stocks, and the winter season will set in with Kailan coal covering less than half of the demand for bituminous coal, and with no other Chinese coal forthcoming. Shanghai will continue to depend chiefly on foreign coal which is the more expensive by reason of the high freight and marine insurance rates. There are little or no prospects of a fundamental change in the local coal situation as long as the Japanese retain their grip upon the Chinese-owned coal mines of North and Central China, and divert the output of these mines from Shanghai to Japan proper and her colonies.

Japanese Reconnoitered, Then Bombed Red Cross Valley

ON July 9 a formation of nine Japanese bombers flew over Kweiyang, capital of Kweichow Province. They bombed the airdrome, killing and injuring two or three persons, but did no material damage.

Three of the Japanese planes dropped out of the formation and made a close and detailed inspection of the little valley outside the city where the Chinese Medical Corps and Red Cross Hospital are located. The Japanese planes were obviously taking pictures and everyone connected with the hospital and medical corps were apprehensive as the Japanese followed similar tactics prior to the bombing of the Central Kweiyang University in May. First they circled around the place, then later returned to destroy the school.

A member of the hospital staff wrote friends in Shanghai, telling of the Japanese planes circling over the hospital and medical corps buildings and expressing apprehension that worse was to come. The letter, dated July 9, said the hospital was filled with wounded and sick; that the little valley where the buildings were located was entirely unprotected, that there were no anti-aircraft guns, machine guns or rifles and no troops in the vicinity. Buildings and ambulances were all plainly marked with the Red Cross emblem—a precaution which the writer said, "probably was a mistake."

The letter describing the Japanese reconnaissance said that the planes flew so low that it was possible to inspect them in detail "and they could have been hit by a rifle bullet."

The expected came to pass—a telegram was received by an American relief body in Shanghai on Tuesday, July 30, stating that Japanese planes had visited the little Red Cross Valley, outside Kweiyang, on Sunday, July 28, and had destroyed the 600-bed hospital and the nearby orthopaedic building. However, the operating room was left intact. Casualties were not heavy as the wounded had been removed as soon as the warning had been received. The telegram concluded with the statement that the bombing was deliberate due to the previous reconnaissance earlier in the month.

The place where the hospital and medical corps are located is a small valley entirely separated from the city and, as stated, entirely undefended. The hospital is largely used for treating victims of air-raids, refugees and civilians, who are brought there in ambulances from various parts of west China. There are facilities for 1,000 severely wounded, with special equipment for 300 in orthopaedic wards. The hospital served as training center for the Medical Training School. The headquarters of the Medical Corps, supply depot for drugs and other equipment for medical work are located there.

The institution is a branch of the International Red Cross, which is supposed to enjoy immunity from air-raids in all countries.

Gamblers Open on Border of Settlement, Also Invade the Nantao District

LIKE boils, Shanghai gambling and opium dens often disappear from one area only to crop out in a newly-infected section of the city. During July the dens were gradually closed out of the Yu Yuen Road "badlands." Eleven of them have recently started up in Nantao which skirts the French Concession, and on August 1 the biggest establishment the city has ever seen, opened its gates at 346 Avenue Haig on the very border of the International Settlement.

Here there are two roulette wheels and 20 *Yao Tai* and other Chinese dice games, served by about 200 employees, croupiers, guards and waiters. In small back rooms of the upper floors opium divans await their devotees while at the front of the same floors spacious verandahs teem with visitors relaxing between pipes or rounds at the gaming tables. Others, cleaned of their funds, are drowning their individual feelings in nothing more deadly than beer and orangeade.

This is the Liu Ka den, the "Six Nations", so-called because it is financed by six of the biggest of the operators of the former Yu Yuen Road houses, the last of which was closed down by the Japanese and their Ta Tao puppets on July 31. Each of the six is reported to have put up \$150,000 to start the new den off in proper fashion.

Surrounded by a high masonry wall the compound of Liu Ka contains two stately three-storey stone houses connected by a glassed-in balcony on the second floor, a smaller one-storey stone building at the far end of these and numerous one-storey servants quarters and kitchens in back. Probably the designer of these edifices of neo-classic architecture would be surprised were he to see the glaring lights streaming at night from every window, or the half-filled parking space facing the columns, where he had laid out a garden. But perhaps the pastor of the German church next door and the headmaster of the German school a few steps further on at the corner of Great Western Road are more perturbed than the architect will ever be. Already the occupants of private houses and of the stylish Haig Court apartments, also situated behind Liu Ka, have signified their feelings with frequent complaint to the Shanghai Municipal Police, of the noise, the motor horns and the blockade of automobile traffic in the vicinity of the gambling premises. These are matters which allegedly cannot concern the S.M.P., however, since their jurisdiction does not include Avenue Haig, they claim.

A member of the staff of *The China Weekly Review*, who visited the Liu Ka gambling establishment late one evening this week, found the doors standing wide open in the one-storey gaming room which abuts on the end of the alley which leads to the back entrance of the place. Within, male and female croupiers sat behind five *Yao Tai* dice tables, calling an occasional visitor to try his luck. A number of employees lounged around the room but only one table was doing any business. The presence of female croupiers is something of a departure for local gambling dens. Apparently Liu Ka has decided to instil sex interest in their gaming, for at least one quarter of the those behind the tables of the establishment are young women.

The two center buildings of the premises are palatial structures. The ceilings are high and the staircases spacious. There is at least one gaming table in every one of the rooms downstairs and on the second floors. Curiously enough the rooms were all full of people but many of them were employees. Occasionally a table was playing to capacity. Almost as often tables had not a single player. On the night of the writer's visit most of the 200 to 300 visitors present seemed to be suffering from heat enervation and were imbibing cool drinks on the verandah. There were no more than a dozen foreigners to be seen. At the tables no large sums were being played. Occasionally a winner handed Japanese Yen notes to the croupier or asked to be paid off in Yen. The exchange in either case was one for one. In Hongkew the Japanese Yen fetches \$1.24.

The second floor rear of each center building is devoted to opium-smoking rooms. There were 10 of these small chambers with from three to four divans in each, several of them filled to capacity, their friends sipping tea, chatting and puffing opium at \$1 a pipe, while children played quite noiselessly on the floor. Some of the rooms were innocent of guests. The third floor of the same two buildings is closed to the public. In case a visitor gets by the signs at the foot of the stairs a polite armed guard at the head announces that these are the business officers of the establishment.

An observer could not help noting that the den was doing a very modest business far from the roaring trade its backers might have expected considering the fact that it is the nearest establishment accessible after nightfall to inhabitants of the foreign concessions. On the opening night 435 cars had been welcomed into the premises and almost the same number on the second night; thereafter visitors decreased alarmingly.

A description of Liu Ka would not be complete without an account of the manner in which it was reportedly secured from its rightful occupants. The buildings were rented by a large Chinese

family which lived in them unmolested until one day last week when a sedan car entered the driveway and a number of armed men emerged. They told the head of the family in unmistakable terms to pack his belongings and move. This order was accompanied by the offer of a house on Yu Yuen Road and \$2,000 key money. With no place to turn for help the unfortunate family had to comply, but refused the money, fearing that the intruders might at some future date be able to say they had paid for the premises.

Three of the 11 Nantao gambling dens also opened on August 1. The largest of these, the Si Yuen ballroom at 1451 Chung Hwa Road near the old West Gate, held an elaborate inauguration ceremony attended by 400 persons including such notables as Miss Buh Hong and Miss Li Hong, Chinese cinema stars, and Wong Tse-tsaung, Chief of the Nantao branch of the puppet Shanghai police force.

The Si Yuen is a big establishment, bigger than many of the now historic places which closed on Yu Yuen Road. It is operated by Li Siao-pai, believed to be a man of the same name wanted on a charge of malfeasance in office while serving as a detective seven years ago on the Shanghai City Government Police. Ironically enough the Nantao police chief Wong eulogized the supposed criminal in a speech at the inauguration in which he pointed out that Li was assisting in the rehabilitation of Nantao. On the afternoon of this same day, three Japanese army officers inspected the downstairs part of the Si Yuen and found that it contained the ballroom advertised. While the officers were below, roulette and *tao yai* was in full swing above stairs.

The second Nantao den to open August 1 was the Ciro Tea Room at 202 Yen Hai Road, near the Old North Gate. Li Loh-sung of Ningpo is the operator and is said to be an ex-shareholder of the former Lan Foong den on Yu Yuen Road. The establishment is capitalized at \$5,000.

The Loh Lee Company was the third den to open in Nantao on the same day. It is situated at Loh Lih Ka, Tungkadoo, outside the small South Gate. Liu Kuo-tsung of Wusih operates the den with a capital of \$4,000.

The other eight dens which were opened in Nantao during July are as follows:

Ziang Sung Company, 11 Zung An Li (lane 36) Loo, Shiang Yuan Road, Kiu Mow di. Operated by Chang Kwei-foh.

Zung An Foh Shing Company, 20 Zung An Li Loo, Shiang Yuan Road. Operated by Tsang Tsung-pao.

Yoong Sung Company, 10 Liu Vung Loong, Sing Jao Ka, Kiu Mow Di. Operated by Li Hai-dah.

Chi An Company 16, Lane 98 Loo, Shiang Yuan Road. Operated by Li San-ts.

Foh Lee Company, 25 Kao Tung Road. Operated by Liu Hai-san.

Yung Lee Cold Drinks and Tea Room, 3 Ching Yu Li Loo, Shiang Yuan Road. Operated by Wong Keng-ling.

Hong An Company, House No. 16 Heng An Faung Alleyway, Faung Pang Road. Operated by Tsang Meng-sung.

Yung Chin Dong Loh Club, 34 An Zung Ka, Min Kuo Road. Operated by Tsang Ping-yang.

According to a report in the *North-China Daily News* on August 6, rival gangs controlling these dens have already come to blows to such an extent that the Citizens' Federation of Nantao has petitioned the authorities to institute an immediate inquiry. One guard of the Yung Lee Cold Drinks establishment reportedly had to have a leg amputated following a fight with outside gangsters several days ago.

Wei Wah lottery has become the special interest of ex-police-man Li Siao-pai of the Si Yuen ballroom. Li is attempting to form one big monopoly of the game and is encountering stiff resistance from the small operators in Nantao. Several more fights have resulted.

WANG CHING WEI ORDERED DENS CLOSED

The *Central News Service*, organ of the Wang Ching-wei regime, announced that a meeting of the Executive Yuan presided over by Wang Ching-wei had voted to close all of the gambling and opium-smoking joints in the western suburban district because they were a "menace to public peace and order." This meeting of the Executive Yuan was held on or about July 12 and according to the report in the official press service the gamblers were given three days to wind up their affairs. The same report admitted that the Wang regime was receiving a monthly revenue of \$300,000 from these resorts. Well, the resorts were closed, not in three days, but at the end of July—only to reopen in another section of the city, the Nantao area and on Avenue Haig, on the very border of the International Settlement and French Concession. Aside from the new places, two of the older joints in the western district have continued in operation. They are the China Club, owned by high officials in the Wang Ching-wei regime, and Farren's Ltd., located adjacent to the American Columbia country Club. Farren's is owned by two foreigners, Joe Farren a Hungarian (German) and E. T. "Jackpot" Riley, an American.

Nazi Blitzkrieg Against England Believed Due This Week-End; Portugal Deserts to the Axis

JUDGING by numerous reports on the subject during the past few days, the long-awaited Nazi *blitzkrieg* against England is likely to get under way during the present week-end. One reason advanced for this belief is the high tide along the English Channel coast which set in early this week and which will recede over the week-end. This tide would facilitate the landing of troops in flat-bottomed boats and unless it is utilized, Germany may have to postpone the attempt to invade England until the week beginning Sept. 1, military experts have stated.

Unless the contemplated invasion is started very soon, storms and thick fog will make it a hopeless enterprise and force Chancellor Hitler to postpone the enterprise until next year, in the opinion of some military observers. Three conditions are said to be necessary for a successful invasion, they stated: (1) a calm sea so that the German soldiers will not get seasick while crossing the Channel or the North Sea; (2) a tide high enough to enable flat-bottomed boats to reach the beaches and land tanks and other mechanized units; (3) fog sufficient to screen landing operations. Attempts at landings, it is believed, will be preceded by large-scale aerial bombing, while first attention will be concentrated on gaining control of some British ports, so that deep-water ships may be able to supply the invading troops and land reinforcements.

According to an I.N.S. dispatch from London on Aug. 6, hundreds of thousands of Nazi troops have lately been going through full-dress invasion rehearsals along the Baltic coast of Germany. The rehearsals in landing troops are said to be similar to those which preceded the Nazi invasion of Scandinavia. Highly skilled cavalymen, according to the British intelligence service, were among those engaged in practice, jumping their mounts into the Baltic from flat-bottomed boats and swimming up to the beaches.

As an earnest of things to come, the German air force has been staging repeated bombing raids over England, while the British, endeavoring to disrupt German preparations for invading England, have been conducting bombing raids over Germany and German-occupied territories. Machines and pilots are being lost on both sides with fair rapidity, though each side endeavors to minimize its own losses and exaggerate those of the opponent. That British air-raids have had destructive consequences is evidenced by complaints from the French Government and press regarding bombings of French territory. The Grenoble paper, *Petit Dauphinois*, on Aug. 1 answered British radio assertions that France was in a desperate plight because of plundering by German soldiers, by declaring that new suffering and distress in French towns and villages is being caused, not by the Germans, but by the depredations of British bombing squadrons. Allegations of plunder by German soldiers in occupied territories have certainly not been borne out by foreign correspondents and other neutral observers, who have almost unanimously testified to the excellent discipline of the German armies of occupation in Holland, Belgium and France.

The diplomatic game in Europe has meanwhile been making more news, firstly with the report that Portugal had signed a mutual assistance pact with Spain on July 30. Portugal had been Britain's oldest "friend" on the European continent. By signing a pact of this kind with Spain, she has definitely entered the orbit of the Axis Powers. Except for the tenuous "friendship" with Turkey, Britain is now without influence in Europe.

Next in order of importance on the diplomatic front was the speech which Foreign Commissar Molotov delivered before the Soviet Supreme Council in Moscow on Aug. 1, wherein reference was made to Soviet-German relations, which many believe have been cooling of late. Said Molotov: "Lately the foreign, and particularly the English and Anglophile, press has been frequently speculating on the possibility of disagreements between the Soviet Union and Germany, and is attempting to intimidate us by the prospect of the growth of Germany's might. These attempts have been exposed more than once by ourselves as well as by Germany and swept

Little Nazi Practices



Daily Herald, London

Parent: "Of course he may hit someone, but that's their funeral."

aside as worthless. We can only reiterate that in our opinion the good-neighborly, friendly relations that have been established between the Soviet Union and Germany are not based on fortuitous considerations of a transient nature, but on the fundamental state interests of both the U.S.S.R. and Germany."

The reference to the "fundamental state interests" of the two countries is an admission of something which apologists for the Stalin regime not so long ago vigorously denied, namely, that the Soviet-German pact is a bulwark of Nazism, whatever else it may be. One wonders how Communists will explain away Molotov's confession that Soviet policy is serving the "fundamental state interests" of German Nazism—and how they will find it possible to reconcile this confession with the claim that the Stalin government is a champion of democracy and the liberation of enslaved peoples!

The fact that Molotov found it necessary to refute reports of a cooling in Soviet-German relations is significant of the possibilities inherent in this immoral political combination. Even more significant is the fact that Molotov gave no hint as to the real reasons for Soviet territorial expansion in the Baltic states and Rumania. Every one knows that it is directed against Germany as a precautionary measure in the event of a Nazi-Soviet break. In testifying to the alleged firmness of the Soviet-German alliance, Molotov was simply proclaiming the Moscow hope that the break will be postponed to the future. The Kremlin clique, in the interests of its own preservation, is prepared to go on licking the boots of the Nazis. For Moscow's foreign policy is still governed, above all, by panicky fear of involving the U.S.S.R. in war with a major Power. Stalin, the modern Tzar of all the Russias, remembers what happened to his predecessor as a result of the last great war.

Apart from the reference to Germany, Molotov's speech was also notable for its expression of readiness on the part of the Soviet Union to improve relations with Japan. Fitted neatly to this were slighting references to Great Britain, a veiled threat in the direction of Turkey (for allowing herself to become a tool of the British war-mongers) and a perfunctory dig at the United States: "I cannot say anything good on Soviet-United States relations." Apart from this, the speech was notable for its utter banality. Sessions of the Supreme Soviet, after Molotov had spoken, went through the rigmarole of "admitting" the Baltic States and Bessarabia to the Soviet Union, thus placing a formal seal upon their bloodless conquest by Kremlin power politics.

Col. Charles A. Lindbergh, the noted American aviator and peace advocate, made news again on Aug. 4 when he addressed a meeting of 40,000 people at Soldiers' Field, Chicago, under the auspices of the Citizens' Committee to Keep America Out of War. If America would stay out of the war, Col. Lindbergh declared, it must take the initiative in offering a plan for peace, based on the non-involvement of America in European affairs which "never were and never will be carried on according to American desires." According to the I.N.S. report of the meeting, Lindbergh was given a thunderous ovation by the assembled multitude. Advocating an impregnable system of American defense and isolation from the European war, he asked: "What would our forefathers think if they were to hear that our frontiers lie in Europe? What would they think if they were to hear that 130 million Americans are being told that only the British fleet protects us against invasion?" According to a *Transocean* account of the meeting, Lindbergh advocated cooperation with Europe "even if it is led by Germany."

In the U.S. Senate on Aug. 5, Senator Claude Pepper, Democrat of Florida, interrupted a debate on the conscription bill to denounce Col. Lindbergh as chief of America's "Fifth Columnists." The aviator, he said, "has been Germany's friend for a long time." Gen. John Pershing, commander of the American Expeditionary Forces in France in the last war, had offered much wiser and safer advice than Col. Lindbergh, the senator declared, adding: "Pershing has felt the grim steel of battle in Europe and he never had a medal from the head of the German air force"—the reference being to a decoration conferred on the American aviator a long time ago by Field-Marshal Hermann Goering of Germany.

Goering himself was in the news when he gave an interview to Karl Von Wiegand, an American journalist, the substance of which was cabled to Shanghai by the *Transocean* agency. Goering scoffed at the alleged menace which would face the United States by the reorganization of Europe under Germany's leadership. Such ideas, he said, were a product of American imagination. He

pointed out that Germany has no aircraft which could fly to America with a load of bombs and return. As regards the question of invasion, he said: "Surely the American people do not believe that Germany would attempt to land troops on the American continent to launch an attack on a country with a population of 130 million people—with her own bases from 3,000 to 3,500 miles behind, across the ocean! Even if the Americans do not like the Germans, they should at least concede them a certain amount of common sense."

D'Auxion de Ruffe Supports Totalitarians and Vichy Regime

BARON Reginald Lionel d'Auxion de Ruffe, who was born in Paris, Aug. 4, 1877, came to China in November, 1906 and has practiced law in the local French Concession almost continuously since, has announced his allegiance to the "Old Men of Vichy," otherwise the German-dominated Petain Government.

Baron de Ruffe's interview did not appear in the local French newspaper, as one might expect, but in the *Shanghai Zaria*, local White Russian newspaper, which on occasion has displayed pro-Japanese editorial inclinations. The venerable French attorney

"Joining the Happy Family"



Daily Herald, London

preceded his interview with some caustic remarks about journalists "who give provocative information and dilute all comment with anti-Japanese propaganda, thus giving cause for animosity between two nations—France and Japan." The reference was to reports published in the local newspapers about a Japanese plane which had crashed in French Indo-China. De Ruffe said that these reports had been circulated with the object of causing misunderstanding between Japanese and French.

Referring to larger political issues concerning the attitude of Frenchmen toward the situation of their country, Baron de Ruffe declared that his mind and the minds of his compatriots "were clear enough to understand the existing situation without the aid of leading articles in the press." The following is a free translation of his interview in the local Russian paper:

"Not to support Petain?—asks Baron de Ruffe.—And whom are we to support then, may I ask? Perhaps Gen. DeGaulle? Fine, indeed. And where are your Russian Denikine and Yudenitch? What has become of your governments on the borders? No, this is not the right way.

"We must be loyal to France and government. Marshal Petain did not sign the peace conditions alone, neither is he alone in understanding the necessity of forming the new government. There is a whole row of intelligent, brave military men and politicians behind him. He is supported by Gen. Weygand's courage, and the clear mind of Laval. They can see the situation much better on the spot. This is no business of the local home-baked politicians to scream about disobeying the lawful government. We must wait patiently and get used to discipline.

"Marshal Petain, *chevalier sans peur et sans reproche*, (without fear or reproach), being a man not only of courage in the military sense of the word but as well in the moral sense, sacrificed himself to historical necessity. He is just the leader needed by France at the present time.

"During all these years, France was very much weakened by all the representatives of the National Front, Leon Blum, and his blumels. When Blum was in power, there was one Blumel and one Blumefeld in his office. Too much bloom, don't you think so? All this bloom led France to destruction. Only talking and talking, no discipline, no system. I should give much to be in the firing squad to which the order to shoot the whole company will be given. They need shooting very much . . .

"Poison Cup"



Daily Herald, London

"I firmly stand for totalitarian governments. They know what they want.

"At the time when Germany and Italy got ready for the revanche, organized their young people, led intensified political and

military preparations, we enjoyed our own eloquent struggling of parties and made ourselves busy with parliamentary nonsense. Nothing for the country, nothing for the people. We are paying dearly for those years of blindness and criminal short-sighted politics wrongly led.

"Pétain will not lead France by an unworthy way. Of this his critics abroad of not quite French origin may be certain . . .

"Neither will Gen. Weygand take any wrong decision. They are not alone. They are supported by prominent politicians, which were put into shadow by democratic governors. Democrats do not like prominent people. It is always better to bring them to a level . . .

"Misfortune has befallen us. We must build our new mother-country, giving all our forces and all our might. In the first place we should pay attention to our young people. Much can be done by following the example already shown by Germany and Italy."

When the question of friendly relations between French and Germans was placed before Baron de Ruffe he answered that it is not possible that such neighbourly relations can be attained very soon. Too much grief and sorrow has been caused which can not be easily forgotten. It would take about 50 years to heal these wounds.

As regards the local French colony, Baron de Ruffe stated that French residents here do not live on colonial land, but in a concession. "The ground itself belongs to the Chinese Government. This house, for instance, is not bought for my possession, but I have only temporary right to it. This is not Hongkong or Indo-China the position of which is much more serious . . .

"Democracy has proved a failure on both sides of La Manche. The principles were good, but their carrying out in life was utterly wrongly done. In France at the helm stood either fools or dregs of society. Schiller once said: 'Even gods are powerless before foolishness'."

Aside from his law practice, Baron de Ruffe also publishes a bi-lingual (French-English) magazine called "Extreme Orient." Several months ago he advocated the licensing of opium sales and consumption in the foreign-administered areas. He is the author of a book, "Chine et Chinois d'Aujourd'hui." He also wrote a novel several years ago which he later withdrew from circulation, allegedly due to animosities of local residents whose activities were described in the book.

Nanking Official Takes Over Customs College

Officials of the Nanking regime took possession of the Chinese Maritime Customs College on Rue Alfred Magy on August 5. The premises had been closed on instructions from the National government since early this summer and were occupied by a few watchmen only. For the first time in years the College, which trains most of the officials for the Chinese Customs, did not hold spring examinations this year but announced that a postponement had been ordered. Shortly after closing it was learned that most of the administrative staff had left Shanghai. In taking over the premises on Monday, Chang Sumin announced that the Nanking Ministry of Finance had appointed him Director of the Customs Administration.

Umetzu and Yamada are Promoted Full Generals

The first Japanese army promotions since the assumption of the War Office portfolio by Lieut.-Gen. Hideki Tojo, were gazetted on August 1 when Lieut.-Gen. Yoshijiro Umetzu, Commander-in-Chief of the Kwantung Army and concurrently Ambassador to Manchukuo, and Lieut.-Gen. Otozo Yamada, Inspector-General of Military Education, were made full Generals. In making the promotions, emphasis was placed on replenishment of the army's defenses, strengthening of the gendarmerie and the transfer of officers at the front to home posts and vice versa.

Montreal Mayor, Former Burma Premier Arrested

M. Camilien Houde, Mayor of Montreal, has been arrested for carrying on subversive activities in Canada, *Havas* reported from London Aug. 6. He was nabbed under the War Measures Act for having published a statement opposing compulsory regis-

Nazi Trojan Horse



Natal Daily News, South Africa

tration of Canadian citizens for war service. He declared that he would not register himself and called on others to follow his example.

Another prominent person arrested this week was Mr. Ba Maw, former Premier of Burma, who also is charged with subversive activities, presumably in connection with the Burma independence movement.

34 Die in Indian Train Wreck; Sabotage Suspected

Thirty-four Indians were killed and 90 injured when a passenger train running between Calcutta and Dacca was mysteriously derailed on August 4, a German *Transocean* dispatch from Stockholm reported this week.

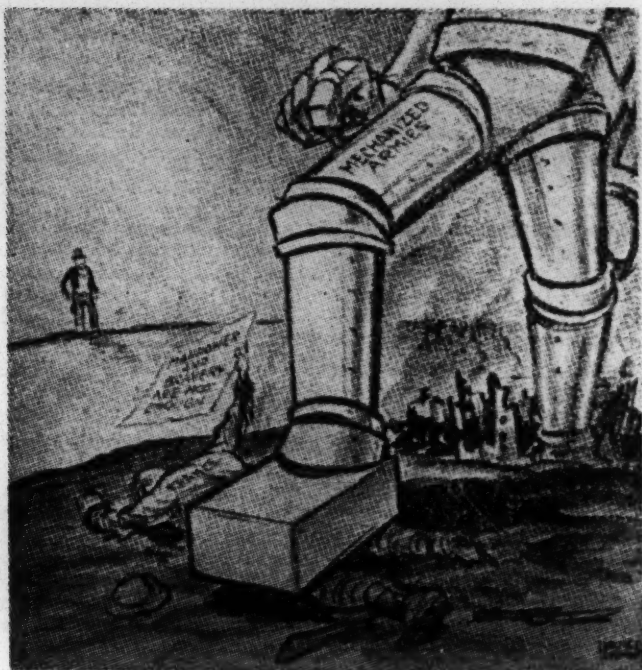
The German report stated that several hundred meters of the rail track had been torn up by order of the left wing of the Indian National Congress. It is believed, said the report, that the sabotage was intended for the train of the Viceroy which was expected along the line, but the train had passed shortly before the tracks were torn up.

French Tribunal Tells Why de Gaulle Condemned

The military tribunal at Vichy which recently pronounced the death sentence on General Charles de Gaulle, leader of the French National Committee in London, made public on August 1 the charges against the accused. General de Gaulle's statements over the B.B.C. network were stigmatized as criminal propaganda; he maintains close connections with a foreign power; he urges military men to shift their allegiance to a foreign power; he participates in action which can expose the French people to reprisals and he has deserted abroad in time of war, the tribunal charged.

THE WAR IN CARTOONS

The Message for America



Bishop, in St. Louis Star-Times

Under Two Flags



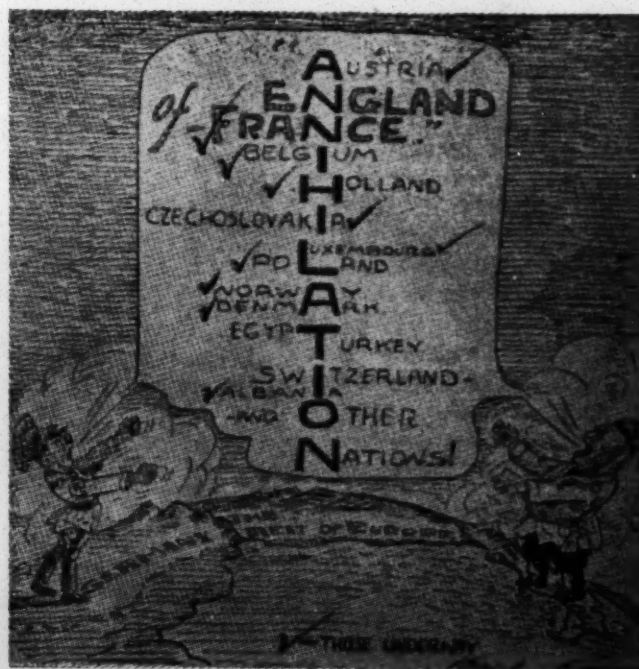
Kirby in New York Post

Nazi Shock Troops, 1940



From Illustrirte Zeitung by Associated Press

Reading Between the Letters



Knecht in Evansville (Ind.) Courier

Where Is Jack the Giant Killer?



Maxwell in Wilmington Journal

Petaín: She Says, "I Do"



Daily Herald, London

"Beg Prettily"



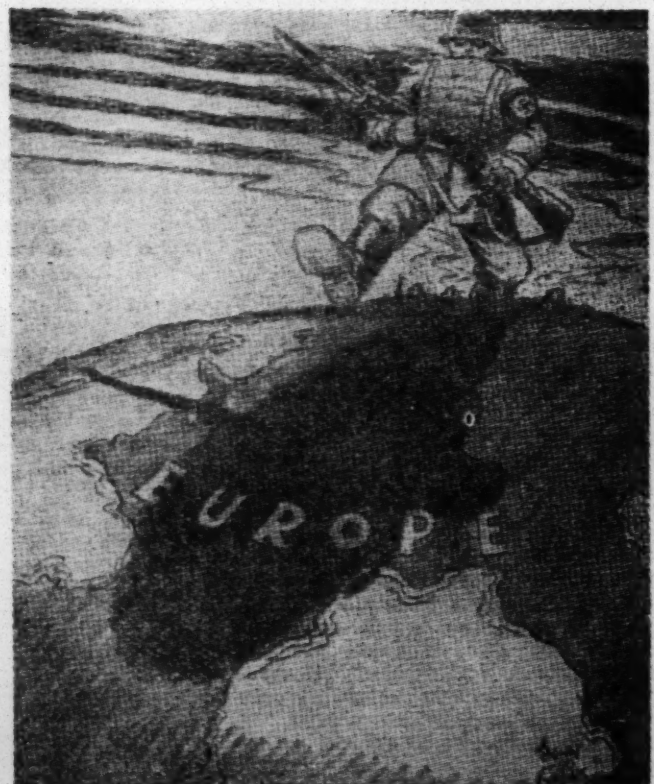
London Daily Herald

How Far—Short of War?



St. Louis Post-Dispatch

"Now the Dark Continent"



Collins in Montreal Gazette

The 'New Order' as Witnessed By a Traveler in North China

BY WU PAH-NIEN

SPURRED by an instinct to travel and to observe the actual situation prevailing in North China, which I had not visited since 1929, I ventured a trip at a time when traveling was anything but safe and comfortable.

As I look back on my experiences in connection with this trip, I feel that I have been amply rewarded for all the trouble that I went through. It gave me a sort of feeling very much like that of an expectant mother who before delivery is often gripped with a sense of fear and tribulation but who feels a sense of gratification and satisfaction after having had the experience. I left Shanghai on May 1 by railway and returned on May 27 by ship via Tsingtao.

Covered Three Provinces

My trip covered three provinces; namely, Kiangsu, Anhwei and Shantung; and nine cities, namely, Nanking, Hsuechow, Pengpu, Tenghsien, Yenchow, Tsinan, Tsingchow, Weihsen and Tsingtao.

Before departure, I had applied for and secured through a Japanese friend of mine a pass issued by the local Japanese military authorities known as the "Bureau of Special Affairs." I understood that this pass would be good for my entire trip, including my embarkation at Tsingtao en route home. But this was not the case. Before leaving that port it was found necessary to secure another pass from the Japanese naval authorities. I was considered lucky by my friends in Tsingtao that I secured it within five days, for there were cases which took weeks and even months for no other reason than to inconvenience people or discourage them from traveling.

Currencies used in the regions which I had covered are certainly a nuisance to travelers. In buying railway or steamer tickets one must use the Japanese military note which has been arbitrarily fixed 25% higher than the Chinese dollar. But aside from that, the Chinese legal tender is accepted everywhere up to Pengpu, Anhwei, where there seems to be a line of clear-cut demarcation as to the sphere of control between the Japanese army in the South and the Japanese navy in the North. At the railway station in Hsuechow there was erected a booth for money exchange and the passengers were allowed only ten minutes to exchange their Chinese legal tender and Japanese military notes into North-China Federal Reserve notes, failing which not only the money would be confiscated but the possessor might be subject to imprisonment. As a "safety first" measure I got off at Pengpu and stayed over night so as to be sure to have enough time to exchange my money.

Everlasting Searches

Constant searching of one's person and examining of one's baggage constitute another nuisance to travelers in these days. At every station when one wants to get off, examination of

baggage is a rule, while third and fourth class passengers must undress for searching. Thanks to the courtesy of the Japanese gendarmes and the puppet policemen my person was never searched and only in one instance was my baggage thoroughly examined. That happened in Tsingchow where an English friend of mine came to meet me at the station and presented his personal card to the attending Japanese gendarmes in the hope of getting my baggage

a second class through-ticket from Shanghai to Tsinan. From Pukow on I had to ride in the third class cars which were jammed with peasants and workmen, because the Blue Express from the North had been bombed at Da Wen Kou. I saw the tremendous wreckage on the steel bridge at the said station and thousands of workmen including the Japanese engineers were working day and night to repair the damage. I spent two nights in Tenghsien, where gunfire was distinctly audible and no one dared to go out after dark. It was said of these places that they were under Japanese control by day and under the control of guerrillas at night.

In traveling by the Tientsin-Pukow line one phenomenon which could not

Nanking Turtles



Woodcut artist at Chungking depicts the Nanking administration as a turtle and its brood.

exempted from examination. To my surprise my suitcase and handbag were simply turned up-side down and no article contained therein escaped their inspection. Whether they did it purposely to embarrass my friend simply because he is a British subject, I am not prepared to say.

While the anti-British movement engineered by the Japanese was not so virile as it was before, its signs could be seen everywhere in the regions that I had visited. Public notices were posted at the street corners and on the doors of foreign residences, advocating a boycott against British goods and asking Chinese servants to quit service in British households. With the object of avoiding trouble, the Wing Tai Woo Tobacco Company in Hsuechow had its branch office housed in a Chinese residence without any sign at the entrance, and many back doors of missionary compounds were blocked so one had to take a roundabout way to get in.

Guerrillas Active

The guerrillas were pretty active along the railway lines. I had bought

possibly escape the notice of a traveler from the South is the growing of opium all the way up from Pengpu. I saw patches after patches of this beautiful but poisonous plant growing profusely between the half-scorched wheat-fields. According to the regulations of the National Government under the personal directorship of General Chiang Kai-shek, opium planting has been outlawed and this year is supposed to witness the complete suppression of it. Yet in the regions under Japanese occupation, and along the railroad where everybody can see it, opium-growing is openly permitted. If that is the way to establish the "new order" of the Far East we are sure that this new order will not last very long.

Opium Dens Flourish

With the encouragement of opium planting for reasons all too apparent, there is the simultaneous appearance in the cities in North China of opium-smoking dens which have sprung up recently like mushrooms. In Tsingtao this illegal business is so prosperous that the streets seem to be full of opium-smoking dens with such

(Continued on page 400)

“MR. EDISON’S BANG ON THE TABLE was worth worlds to me”

Henry Ford

● It was 1896. A 33-year-old engineer named Henry Ford, struggling to produce a practical gasoline-driven vehicle, was introduced to the already famous inventor, Thomas A. Edison.

● Edison plied him with questions about his “gas car” and Ford made sketches of the details. As he finished, Edison brought his fist down on the table with a bang.

● “Young man,” he said, “you have it! Electric cars must keep near power stations. Steam cars require a boiler and a fire. Your car is self-contained — carries its own power plant. You have the thing. Keep at it!”

● “That bang on the table,” wrote Mr. Ford later, “was worth worlds to me. No man up to then had given me any encouragement. And here, the man who knew most about electricity in all the world had said, that for the purpose, my gas engine was better than any electric motor could be.”

THAT incident marked the beginning of a deep friendship between the two men which lasted through Mr. Edison’s lifetime.

Mr. Ford never forgot the impact of Edison’s encouragement on his own career, or the inspiration that Edison’s achievements offered to eager youth of all lands.

Over the years, Mr. Ford has done many things to honor the memory of the great inventor and to extend the stimulus of his example.

At Dearborn, Edison’s laboratory and machine shop have been faithfully recreated and equipped. Here, too, is his boarding house, the first building ever lighted by electricity.

NEARBY is the Edison Institute of Technology, established so that young and energetic minds may work at meeting the world’s needs, with the Edison inspiration to guide them.

In the heart of the huge Ford plant is the Henry Ford Trade School, where 1800 boys are blend-

ing classroom theory with machine shop practice. They make nothing that goes into Ford cars, of course, but they are learning to become useful citizens — and earning as they learn. In 23 years, 6000 such boys have been given knowledge, skill — and some of the creative enthusiasm that was Edison’s.

Two year ago, Mr. Ford established a camp where underprivileged boys can get close to the earth, learn modern power farming, gain health and weight, and make money while they work. Here, again, boys who show mechanical aptitude are given a chance for training in the Edison tradition.

AT BOTH the New York and San Francisco Fairs, the Ford exhibits have been based on Mr. Ford’s conviction that expositions are education.

He hopes that out of such fairs will come inventions as important to the world of tomorrow as the electric light and mass motor-car production have been to the world of today.

Henry Ford’s debt to Thomas A. Edison has been acknowledged in many ways. And not the least of these is the fact that the first Ford car which so enthused Edison has been followed by over 28 million others!



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Political Crime Wave Continues as Consular Body Passes Resolution

10-DAY CURFEW DECREED FOR FOREIGN AREAS

In an effort to thwart terrorist acts in Shanghai during the period leading up to the third anniversary of the Commencement of Sino-Japanese hostilities in this area, the Shanghai Municipal Council decreed a 10-day curfew for the Settlement, commencing Aug. 5 and continuing to Aug. 15. The anniversary falls on Aug. 13. Persons not in possession of curfew passes will be arrested if found on the streets between the hours of 12.30 a.m. and 5 a.m. The French Concession authorities are imposing a similar curfew.

ON Friday, August 2, the day upon which political terrorism reached a peak in Shanghai with one assassination, one attempted assassination and two kidnappings, the Consular Body met for three hours to draft a carefully innocuous condemnation of "any and every form of terrorism by whomsoever perpetrated" which was thereupon ordered delivered to the Shanghai Municipal Council for appropriate action. The 17 consuls-general present supplemented this sentiment with a letter to the S.M.P. making certain suggestions for the better maintenance of order in the Settlement and urging the cooperation of police and the armed forces stationed in the city.

It was the Consular Body's second meeting within a week and was held as a result of an appeal by Council Chairman W. J. Keswick for interna-

tional aid in curbing the latest local wave of political killings and kidnappings which started in July with the issuance of an order by the Nanking regime for the arrest of 87 pro-Chungking Chinese in the foreign concessions of Shanghai.

Text of Resolution

The full text of the Consular Body's resolution reads as follows:

"Resolved that the Shanghai Consular Body, considering that acts of terrorism are contrary to humanity and the cause of civilization, and having witnessed highly tragic effects of such acts in Shanghai, places on record its utter condemnation of any and every form of terrorism by whomsoever perpetrated and taking note of the actual situation in the Shanghai area, urges the Shanghai Municipal Council to take full consideration of the situation in the Shanghai area, and do its utmost to maintain peace and order in the International Settlement by eradicating and suppressing all forms of terrorism."

This worthless resolution was the sole accomplishment of the Consular meeting, as far as is known. Writing in the *Shanghai Evening Post*, Mr. H. G. W. Woodhead made this pertinent comment: "It was not condemnation of terrorism but Consular cooperation in its suppression, for which the Council's Chairman asked. And there is no use blinking the fact that without that cooperation, in forms which are sufficiently obvious to most of the Foreign community, the problem will remain insoluble." It is presumed that the writer was suggesting the employment of forcible measures to clean up the "Badlands" which is the base of

activities of the Wang Ching-wei terrorists.

The 'Actual Situation'

A serious bone of contention in the wording of the resolution was the phrase "actual situation" which, according to Domei, was strenuously objected to by a "certain" Consul-General on the grounds that it contained a great deal of political meaning. Japanese Consul-General Y. Miura promptly denied this implication said Domei. Actually he confirmed it when he pointed out to his objecting colleague that the phrase merely meant that Shanghai and its surrounding areas are under Japanese occupation and are under the jurisdiction of the Nanking regime. Mr. Miura won the tilt and the phrase was included, thereby throwing one more straw in the direction of ultimate recognition of the puppet government.

The first political crime to take place on the day of the Consular meeting was the murder of Mr. Charles E. Metzler, administrative head of the local Russian Emigre Committee, a post he had filled during the past 16 years. The crime took place at 8:20 a.m. just as Mr. Metzler entered his car outside his Nanyang Road home preparatory to driving to his office on The Bund. A waiting gunman jumped on the running board of the car and fired four shots at his victim. Two of them found fatal marks.

The gunman, who was dressed in Chinese clothes, is believed to have been either Chinese or Korean. He ran across the street to a waiting car and before stunned onlookers could do anything the vehicle had disappeared round a corner. The murder car, bearing a white license plate, was subsequently traced to a garage owned by two Koreans in Japanese-controlled Hongkew. Both men were arrested by Japanese Consular police. The S.M.P. also arrested a Chinese believed to be implicated.



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The reason for the assassination was believed to be the desire of a group of Japanese-sponsored Russians to get control of the 30,000 white Russians of Shanghai by forming a new "Society of Russian Emigres of Shanghai." Mr. Metzler had reportedly been offered nominal leadership of the proposed body early in July, but was said to have refused. His post in his own organization is now being occupied by Bishop John of the Russian Orthodox Church.

On Monday of this week the Bishop and a local Russian lawyer, N. A. Ivanov, called on Mayor Fu Siao-en of the City Government of Greater Shanghai to procure the latter's blessing on Mr. Ivanov's candidature to the empty committee post. While Mr. Ivanov was at the time the only person desirous of filling the vacancy he was reported by the local press to be far from popular with the Russian community. There was even some question as to whether Mr. Ivanov would be elected to the old committee or to the new Japanese-sponsored group. In the latter case, the committee would die a natural death. Since the announcement of his candidature Mr. Ivanov is reported to have been threatened with death.

On Excellent Terms

Commenting on the death of the Russian leader, Mr. Ken Tsurumi, Japanese Embassy spokesman, told the press next day that the Japanese authorities had been on excellent terms with the deceased and their hand in his killing could not be suspected. He added that a new

Association of Russian Emigres in Shanghai had been organized in Shanghai a few months previously and that Mr. Metzler held the concurrent posts of chairman on it and on the older committee. It had been rumored, Mr. Tsurumi said, that the Association and the Committee were not on good terms. However, Mr. Metzler was one of the founders of the Association and it had been decided he should hold both chairmanships. If this dual position was held by Mr. Metzler as stated by the spokesman, it was not generally known in Shanghai.

A few moments after the first murder of the day, Tsang Tang-dao, manager of the China State Bank, narrowly averted death when the pistol of an assassin misfired. Tsang was leaving his Frenchtown house at 9:15 a.m. for his office when three men surrounded him, motioning him towards a car. He struggled and the pistol in question was fired but jammed. A Chinese constable who rushed to the scene was shot in the back by another of the gunmen and the alarmed terrorists then fled without having accomplished their mission.

Coal Magnate Kidnapped

Another morning crime took place at 8:50 o'clock when Sung Ching-tse, manager of the Nyi Tai Shang Coal Company, was kidnapped from his car in the International Settlement by four men who drove up, intimidated the chauffeur and drove their victim off. The car was later found abandoned. Neither of the two men were on the Nanking proscription list.

Just before midnight of this same Friday Yen Lan-sheng, city editor of the *Sin Wan Pao* and one of those named on the Nanking black list, was kidnapped from in front of his Rue Voisin home.

On the day preceding this crime wave a large bomb was discovered in the printing machinery of the *Shanghai Evening Post and Mercury*. This made the fifth bombing attempt since the outbreak of war three years ago against the American-owned journal. Shortly after the discovery, it was found that a Russian member of the French Police Auxiliary force, Ivan Haliavin, had disappeared. The assumption of police was that he was connected with the placing of the bomb. He had not been found at the time of this writing. It was later reported that Haliavin was a member of a Harbin Fascist organization. Another bomb was reported found in a French police pillbox across from the *Evening Post* building on August 4.

Indicative of the terror resulting from the Nanking black list was a *North-China Daily News* report on August 1, stating that many of those proscribed by Nanking had left Shanghai for outports, that others had signified to the Nanking regime their desire to refrain entirely from politics and that still others had been absent from the city when the list was published. One of those who is reported to have left for an outport is Tao Lo-ching, general secretary of the Chinese Ratepayers' Association.

The Regimented Press of Japan

BY MASASHI YUI

Bungei Shunju for June

THE Government's control over the press, started under the Konoye regime, has been strengthened more and more by the succeeding administrations. The Hiranuma Cabinet, in view of the pulp shortage at home, commenced suppressing minor local papers in accordance with the principle of "one daily in one prefecture." Many papers in the Osaka area have since been suppressed or merged into other influential ones, although a number of daily papers still remain intact in Tokyo. Speaking frankly, we have doubts if this policy of the Government is greatly instrumental in alleviating the current scarcity of paper. If its principal aim was in fact to cope with the paper famine, counter-measures should have been taken for curtailing paper consumption by leading dailies in Tokyo and Osaka. In case such a shortsighted press control policy is enforced continuously, only those papers which are financed by large capital, and equipped with gigantic organization could maintain their established positions irrespective of their true worthiness, and there would be no hope for the birth of any new valuable paper. On the whole, any progress of our press world cannot be anticipated.

Press and Politics

Careful consideration, however, shows that discussion in the abstract of the press policy itself, regardless of politics, would be of no use. Inasmuch as inseparable ties exist between the press and politics, it would be hopeless under the current political situation here to create such a powerful press organ as is able to unify the whole nation into one will and feeling, on the one hand, and to make known the nation's demands to other countries, on the other. In fact, Japan has no such papers—as *The London Times*, the *Pravda*, the *Voelksischer Beobachter* or the *Giornale d'Italia*. The situation here much resembles that in the United States. Just as the much-mooted renovation of home politics is hardly possible through the union and disunion of old influences, so the proposed reformation of the press world here can be accomplished only by a new power still to make its appearance, and this through close collaboration between the press and politics. If any political influence of a renovationist character ever develops in Japan, it must have first of all its own positive policy for guiding the press world. For in modern politics, in spite of the ever-increasing importance of radio, the press is after all the most effective link between the general public and State power, particularly in time of war as at present.

It is from this consideration that the following survey of the daily papers in Japan is presented. Time is now when our press must get rid of its old bureaucratic features.

Stood for Democracy

First mention must be made of the *Asahi Shimbun*, which stood for democracy in opposition to bureaucratic clan administration in the dawn of modern Japan more vigorously than any other paper. The fact, however, is that since its heyday sometime in 1928-29 when it fired a volley of criticism against the Tanaka Cabinet (1927-29), the paper has been taking a rather lukewarm stand, although its organization has expanded continuously. Probably because it is backed, so to speak, by a guild of capitalists, its editorial staff has under-

gone no noticeable change in nature even since the Terauchi Cabinet (1916-18). Its staff has become so stable that there is now no room for new talents to raise their heads. Naturally, many able men have left the paper to range themselves with other interests.

The *Asahi Shimbun* has not yet purged itself completely of liberal democracy. Even after the Manchurian Incident of 1931, the paper advocated the ordinary course of constitutional politics and gave much encouragement to the political parties. Prior to the February 26th Incident of 1936, the paper declared that the nationalistic drive for so-called clarification of national polity was little more than a plot by a group of schemers. But its enterprises proved successful one after another—for instance, the sending of the world-famous Kamikaze plane to Europe and the campaign for donation of patriotic warplanes—so much so, indeed, that one may say that the paper has thus been able to camouflage its reactionary character through its fruitful enterprises.

When a nation-wide anti-British movement was staged last year in connection with the Tientsin problems, eight daily papers in the capital issued a joint statement denouncing the British attitude toward the China Affair. At that time, it is said, British Ambassador Robert Craigie telephoned to Western News Editor Tetsuro Furugaki of the *Tokyo Asahi* complaining of the anti-British attitude of his paper which had formerly been rather pro-British. Although the paper did not run any editorial stinking of Anglomania, it was from start to end opposed to the proposed alliance of Japan with Germany and Italy. Little wonder that when the Soviet-German rapprochement was later concluded, the paper lost no time in defending its previous editorial attitude disfavoring the Axis alliance.

Although Taketora Ogata is now chief editor of the *Tokyo Asahi*, it is Managing Editor Shochi Mitoro that holds dictatorial power in the paper. Mitoro was once a strong supporter of General Kazushige Ugaki. Associate Editor Hideo Nomura is a gentleman. Political Editor Takamote Hosokawa has no cognizance of the new development in the political world, and so is the case with Financial Editor Shuhaku Niwa with regard to the nation's finance and economy. Among editorial writers, Shintaro Ryu cuts an excellent figure as an economic critic, and Hiroo Sasa is a good commentator on home politics. At any rate, one of the weak points of this paper is that its extreme formalism restrains young members from giving full play to their abilities.

The *Tokyo Nichi Nichi*, on the contrary, is notorious for its internal strife and personnel reshuffling. The paper scrambles for talented staff members of other papers, who, however, have to face the fate of being ousted before long. When Motosuke Kido, who is now editorial adviser to the *Hochi Shimbun*, became president of the *Tokyo Nichi Nichi* in 1933 by an action resembling a coup d'etat, most directors of the paper, including Shintaro Okumura, the present president, and Shingoro Takaishi, the present chief editor, ganged up against him and succeeded in driving him away. It is undeniable, however, that since Kido and his entourage left the paper, a marked deterioration has been witnessed in its quality. But it does not follow that the *Hochi Shimbun*, now

practically under Kido's control, has become a respectable paper.

No Principles Expected

The *Tokyo Nichi Nichi* and the *Osaka Mainichi* chain is now under the hegemony of the so-called Mita clan, viz. Keio University graduates among whom Chief Editor Masami Shimoda of the *Osaka Mainichi* may be the most influential figure. It is to be noted in this connection that the *Tokyo Nichi Nichi* some years ago absorbed, not through a fair and just means, the *Jiji Shimpō*, founded by Yukichi Fukuzawa, who was also founder of Keio University, which played an important role in the Meiji era. We cannot expect any definite ideological principle or conviction from this paper. Leading staff members are Motosaburo Takata, Shinosuke Abe, Tatsuo Hisatomi, Aiichi Nishinoiri, Hiroshi Fujioka, Bunroku Yoshioka, and Kojiro Takasugi.

But a high tribute must be paid to the "Economist", published by the *Osaka Mainichi* and the *Tokyo Nichi Nichi*, which is one of our most respectable economic magazines.

It is much to the credit of President Matsutaro, formerly a police official, that the *Yomiuri Shimbun* has made such marked development as to emulate the above-mentioned two dailies. That the paper has developed to its present position from the status of a mere literary vernacular some time in 1914 is after all something alarming. This is partly because its projects, undertaken along the lines of sensationalism and amusement, have succeeded one after another. On the other hand, it is apparently bound up for good or evil with some financial and political bosses, as is seen in the fact that it is still an anonymous partnership. Particularly, special ties seem to exist between this paper and the Oji paper interests. This is seen, among other things, in the wholehearted support Shoriki extends to Commerce and Industry Minister Ginjiro Fujihara. Even such a rowdy newspaperman as Kwanichi Yamaura praises Fujihara, probably because he is paid by the *Yomiuri*. Those who were previously *Tokyo Nichi Nichi* men hold an overwhelming influence among *Yomiuri* people, including Katsuye

BABY'S HOT LITTLE HEAD IS A DANGER SIGNAL

When your baby's head feels hot to your hand you must do something. And do it quickly. Read the case of 5 year old John Talbot of Halifax, England, whose mother writes as follows:

"I am convinced that Baby's Own Tablets warded off a fever or other serious illness in its first stage, states Mrs. Talbot. "John was taken ill suddenly with feverishness, he vomited food and was very restless and cried all night. I had heard of the good effect of Baby's Own Tablets and gave these tablets to him; they acted easily on the bowels after which he went quietly to sleep. Upon waking he took food and mended rapidly."

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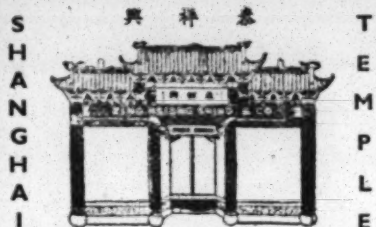
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Shibata, Mitsuo Miyazawa and Shoji Yasuda. Hiroshi Izawa may be the paper's best editorial writer.

Other Newspapers

The Kokumin Shimbun is a peculiar existence in our press world because of its consistent advocacy of close alignment with the axis Powers and its strong opposition to the so-called senior statesmen close to the Imperial court. The paper is controlled by young men in their thirties, such as Kichizo Karashima, Michio Kihara and Isamu Goto.

The Miyako Shimbun under the presidency of Eisuke Fukuda, a leading textile industrialist and silk dealer, has come to attract a large number of readers, because it runs new features in its political and social, as well as financial and amusement, columns. The paper is practically edited by Waseda University graduates surrounding the President's son Kyosuke Fukuda, such as Political Editor Isojiro Furusawa, Sakizo Endo and Minoru Kashimura.

The Hochi Shimbun, already referred to in the foregoing, can be said to be, still suffering from hemiplegia, although it is headed by Bukichi Miki, who is anxious to regain his political influence, in succession to the late Keikichi Tanomogi. Its heyday was before and after the February 26th Incident of 1936.

The Chugai Shogyo Shimpō is a financial paper backed by the Mitsui organization. President Tokichi Tanaka, a retired diplomat, is nothing more than a sign-board of the paper, and it is Executive Editor Toshiye Obama who controls the paper.

Mention must be made of the Domei News Agency. President Inosuke Furuno is indeed a talented man, but seems to be a political schemer rather than a newspaper man. Executive Editor Juji Matsumoto plays so important a role in this news agency that people say that Domei has two presidents. If the press world of Japan is to be re-organized in the future, Matsumoto will surely contribute a pivotal quota to the project.

Japanese Put Tsungming Islanders to Sword

More than 400 women and children refugees from Japanese massacre on Tsungming island at the confluence of the Whangpoo and the Yangtze rivers, arrived in Shanghai on August 5, it was reported by the *North-China Daily News*. The refugees said that hundreds of their men-folk had been put to the sword, their villages burned and their fields of rice and kaoliang destroyed by the Japanese military in retaliation for the supposed death of several Japanese in the recent explosion of a land mine. The Japanese were stated to be combing the island for guerrillas and would permit women and children only to leave.

Maharajah of Mysore Dies of Heart Attack

The ruler of the most progressive of the Indian principalities, the Maharajah of Mysore, died on August 3 in Bombay. Fifty-six years old and a world traveller of renown, the Prince, whose full name was Sri Krishnaraja Wadiyar Bahadur, was the first ruler of Mysore ever to leave India. He was a member of the Kshatriya or military caste and was an ardent supporter of Great Britain in the present war. The cause of his death was heart attack.



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Indo-China Defying Nippon Encroachment

French resistance to the momentarily widening sphere of Japanese encroachment in Indo-China, stiffened suddenly this week when the colonial Governor-General, Vice-Admiral Jean Decoux, informed the head of the Japanese railroad inspectorate that any demands made by the Japanese would have to be referred to the Petain government. At the same time the official wired the French Consul-General in Kuming, promising to release goods stored in Haiphong godowns for transport over the closed Yunnan railway. Both reports were by *United Press*.

On August 6, the same day the above news was received, a Japanese staff officer recently returned from Indo-China to Canton, told the press that enormous quantities of war materials destined for free China were hidden throughout the French colony shortly before the railroad was closed to transit of military supplies. French assistance on such a liberal scale, he said, could not be cancelled by mere closure of the railway. He stated that the collapse of France before the German war machine was still being kept secret from the natives of the colony, and he added insinuatingly that the Annamese showed remarkable friendliness towards the Japanese. The officer concluded his commentary with the warning that the French authorities were courting disaster if they overestimated their power.

Japanese Mission Grows

The Japanese railway inspection Mission with headquarters in Hanoi has grown steadily in size and scope of operations according to the eyewitness account of a *United Press* correspondent who declared this week that 100 Japanese army planes call regularly at Hanoi. The colonial government has provided the Mission with a government building as headquarters, and has placed a fleet of cars at its disposal. Members of the mission have completed extensive military and economic surveys of the colony, mapping highways and other routes which are not connected with any possible smuggling to China, the correspondent declared. He added the first sign of a stiffening French attitude came when Admiral Decoux prohibited 100 Japanese "seamen," plus large boxes of "supplies," from landing at Haiphong. The vessel carrying these men is now lying outside Haiphong in the company of three Japanese destroyers.

According to a *Reuter* report from Spain on August 6 the Petain government is determined to resist any Japanese attack on Indo-China, despite the fact that there are few French European troops in the colony. Demobilization of all native regiments there has been cancelled and all coastal defense forts heavily manned. French warships in the Far East have been ordered to Indo-China, it added. A report from Vichy earlier in the week that the Petain government was considering giving the Japanese a naval base in Indo-China, was later denied.

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Jewish Exiles Now Coming Via Siberia

Jewish refugees from Germany are arriving in Shanghai at the rate of 40 a week, it was reported on August 1 by *The China Press*. They travel via the Siberian railway and south from Dairen on Japanese vessels. Approximately 90 percent take up their residence in Hongkew, since most of them travel on Japanese residence permits.

The paper later reported the arrival on August 5 of 110 emigres from Dairen. Only 31 of this batch intend to live permanently in Shanghai; the rest were said to be making preparations to leave shortly for the United States and South America. The paper reported that another contingent had left Berlin early this week.

The refugees are said to have been astounded at the red tape encountered upon landing in Shanghai. They first had to proceed to the Japanese Consulate-General, thence to the Committee offices in the Ward Road camp, from where they went to the Japanese Naval Landing Party headquarters. They ended up at the registration offices of the Jewish Relief Committee in Sassoon House on the same day.

A world-renowned refugee and one who has lived in Shanghai for several years, Dr. Franz Oppenheimer, was prevented on July 28 from landing in Japan. The 76-year-old sociologist is on his way to the United States where he will write on the American political and economic system. No reason was given by Japanese authorities for their refusal to permit him ashore.

Japan Not Entitled to Inspect Burma Road

Japanese authorities have no right of inspection under the recent Anglo-Japanese agreement which resulted in closing of the Burma road, Mr. R. A. Butler, Under-Secretary of State for Foreign Affairs, stated in the House of Commons on July 30. He pointed out that there was no Japanese diplomatic staff in Burma and the only Consular officials there reside in Rangoon. Recent Japanese reports have indicated that the consular staff would be heavily increased in order to include inspection duties in its routine. A *Domei* report from Tokyo on August 1 stated that Mr. Katsuzo Okumura, sectional chief of the East Asiatic Affairs Bureau of the Foreign Office, had flown to Rangoon that morning to institute an inspection of the actual state of the transportation of war supplies over the Burma route.

An item not included in the transport ban to China over the Burma road is medical supplies. This fact was emphasized by Mr. Butler in answer to another question in the House of Commons on August 1. It was reported in Shanghai last week that the transport of medical supplies has been held up because trucks carrying them must carry also an enormous amount of gasoline for their own use, and gas is one of the articles banned.

From Kunming came a report on August 6 that many of the chiefs of the northern Shan states in Burma are extremely irritated over the closing of the road, which brings lucrative trade to their territories. Considerable commerce had been carried on between China and the States dur-

ing the past two years, it was stated. At the same time the chiefs favor China's war of resistance, particularly since some of them claim north China ancestry. Their forebears are said to have been driven south with the last Ming emperor during the Manchu invasion of China three centuries ago.

Spanish Mission Feted in Nanking, Leaves for Home

The Spanish Economic Mission which has been touring Japan and Manchukuo under the leadership of General Alberto Castro Girona visited Nanking on August 2, there to be given a whirl of parties for two days, then whisked back to Shanghai preparatory to departure for Spain. The Mission visited Wang Ching-wei and all the Ministries of the puppet regime in the Japanese-occupied city. Lin Pai-sheng, Minister of Publicity and silky-tongued mouthpiece for the regime, welcomed the mission with a speech in which he congratulated the Nationalist Spanish Government for carrying on reconstruction after "the ravages of a most disastrous civil war caused by Communist intrigue and Comintern conspiracy—evils which we ourselves have so grievously suffered during the past decade." Minister Lin further declared that, instigated by Communist elements and his Anglo-American paymasters, General Chiang Kai-shek had declined to enter into relations with the present Government of Spain. The Minister further stated that the entire Chinese people admired the inspiring leadership of General Franco in Spain.

The mission departed on its homeward journey August 7 aboard the N.Y.K. liner *Husimi Maru*.

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'New Order' in The North

(Continued from page 388)

fantastic names as the "New Heaven and New Earth Drug Store" (新天地药店), "Fairyland," "Paradise," etc. In order to lure pleasure-seeking young men to patronize these institutions, I understand that many of them have in their employment pretty girls to act as hostesses. They wait upon the customers who are free to pick as they enter any girls that suit their taste. The result is that after a few visits the amateur smokers become addicts. If there is ever such a being as the devil the Japanese militarists are certainly making the best use of him to drain the financial resources of China and the life-blood of her younger generation.

Another notorious institution which has prospered in the principal cities of North China since the Japanese occupation, is the public brothel. Public signs of these houses can be seen by the most casual visitor. With public prostitution comes its allied establishments such as the cafe, dancing hall, bar, and massage house. In Tsingtao there is a Japanese red light district, the style and extent of which is comparable to any Japanese city of similar size.

We have much to admire in the Japanese: their thriftiness, cleanliness, obedience to authority, loyalty to their emperor, patriotism and nationalism. Of these national characteristics, the last mentioned is particularly manifest in all the regions under their occupation. In every city in the occupied area, whether large or small, there is a Japanese colony containing practically every feature that they have in a home-town. I was simply amazed to find the extent and thoroughness of the Japanification of a certain portion of the city of Tsingtao, which made one feel as though he were walking in the streets of Kobe or Osaka. As a missionary friend of mine jokingly but truthfully put it, "Tsingtao is the best city in Japan!"

Morale Not High

The morale of the people did not seem to be as high as was the case with people in Free China, which I visited last spring. The people are hungry for news, but they cannot get any. True there are newspapers published in such big cities as Nanking, Tsinan and Peking, but they do not contain any news excepting that of the Japanese. From perusing the columns of these papers one gets the impression that the Chinese army has been completely disorganized, that the Chungking Government is on the verge of collapse and that General Chiang is a hopeless rebel forsaken by his own men—so what is the use of putting up further resistance? The censoring of news was so strict that even the *Chung Hwa Daily News*, Wang Ching-wei's mouthpiece published in Shanghai, was banned from entry, for it often contained news contradictory to the news published by these papers. However, down in the heart of every true Chinese this make-believe news is never taken seriously and people seem to be firm in their belief that their day of emancipation will come in the not distant future.

The School Situation

Among the social and educational institutions, the school undoubtedly suffers the most as a result of the Japanese occupation. Most of the colleges and secondary schools have moved to the interior. But there is still a good number remaining open. Excepting those missionary schools which have been changed into Bible institutes, the rest have been required to register with the "City Government," to employ Japanese resident teachers and to do homage to the Japanese war dead two or three times a year. At the time of my visit in Tsingtao, the principal of Tsung-teh Middle School of the Presbyterian Mission was still in prison on the charge of "handling money from Chungking." It therefore does not take much imagination to realize the constant nightmare of the educators in these regions and the trying circumstances under which they are working.

43 Killed in U.S. Train Collision

The United States experienced its second major train accident within four months when 43 of 46 persons riding on a gasoline shuttle coach near Akron, Ohio, were killed as the result of a head-on collision with a freight train on July 31. Most of the victims were passengers. The three survivors were railroad employees. Preliminary investigations revealed that the engineers of the two trains did not know they were so close together. Had either realized this fact, he could have shunted his train to a siding.



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'Greater East Asia,' Totalitarianism Declared Aims of Konoye Cabinet

OUTLINES of the new foreign policy which Japan will pursue under the second Konoye Government are beginning to emerge clearly from official statements and comments in the Japanese press. These suggest quite clearly that Japan's aim is to establish a "Greater East Asia" which will embrace French Indo-China, the Netherlands East Indies and (depending how the war goes in Europe) Hongkong and Malaya. This requires closer co-operation with the Axis Powers in Europe.

The least equivocal of all the statements on this subject came from Gen. Kuniaki Koiso, former Minister for Overseas Affairs and the newly-appointed special Japanese envoy to the Netherlands East Indies. While proceeding to Tokyo on Aug. 4, Gen. Koiso told newspapermen that in his view the N.E.I. should "definitely form part of the economic sphere of Greater East Asia envisaged by the new order to be established by Japan." To achieve this end, he added, Japan should be prepared to risk some friction with the United States.

National Policy Company

According to a report in the Tokyo *Hochi* the previous day, the

Japanese Foreign Minister and Minister of Overseas Affairs, Mr. Yosuke Matsuoka, has decided to establish a "national policy company" with an initial capital of Yen 500,000,000 to develop Japanese interests in the South Seas as a first step in the new government's southward expansion policy. Modelled on the lines of the South Manchuria Railway Company, the new enterprise will deal with all phases of industrial and commercial development in the South Seas, with particular emphasis on the acquisition of vital materials for Japan, the paper reported.

The extent of the dependence of Japan's "southward expansion policy" upon collaboration with the Axis Powers was indicated Aug. 3 by the Tokyo *Nichi-Nichi* and the Tokyo *Asahi*. Close cooperation with the Rome-Berlin Axis, said the former paper, was the "wish" of Japan, and further negotiations between Japan and these Powers were being contemplated. Questions to be dealt with in these negotiations included "maintenance of peace between a Far Eastern bloc, a Pan-American bloc, a Pan-European bloc and an All-Soviet bloc, as well as the problems of colonies, the redistribution of natural

JAPAN DENIES SEEKING INDO-CHINA BASES

The Tokyo Foreign Office officially denied on Aug. 5 that it was conducting negotiations with M. Charles Arsene-Henry, the French Ambassador to Japan, for the establishment of Japanese military and naval bases in French Indo-China. Report that such bases were being sought was cabled from Vichy, seat of the French Government, by *United Press* the same day. Quoting diplomatic quarters, the American news agency declared that negotiations were under way between the Petain Government and Japan and that Japan was demanding bases in Indo-China on the ground that they were necessary to speed the end of the Sino-Japanese hostilities in South China.

resources and a new monetary system."

A statement of the basic policies of the new Konoye cabinet was issued in Tokyo on Aug. 1. It calls for the complete reorganization of Japan and her empire so as to mobilize the whole of the resources and powers of her people for national defense and the establishment of a new order in East Asia, which must be made self-sufficient in the interests of "a larger life devoted to the state"—in other words, an Asiatic copy of European totalitarianism.

Re-Education of People

Formally approved at a joint meeting of the Imperial Headquarters and the Government, the statement declared that the people of Japan would be re-educated to meet the needs of the hour, while material mobilization would embrace not only Japan's own economic system, but the "whole of East Asia" which would be made self-sufficient, toward which end a new political structure would be organized in Japan.

"The world stands at a great historic turning point," the Government statement read, "and is about to witness the creation of new forms of government, economy and culture based on the growth and development of sundry groups of states.

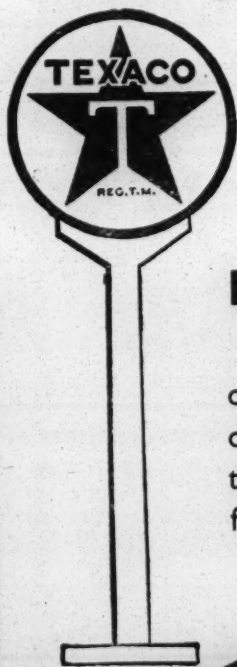
"Japan, too, is confronted with a great trial such as she has never experienced in her history. In order to carry out fully at this juncture, our national policy in accordance with the lofty spirit in which the country was founded, it is of urgent necessity for us that we should grasp the inevitable trends of developments of world history, speedily effect fundamental renovation of all branches of government and strive for perfection of the state structure for national defense.

Lines of Policy

"Accordingly the general lines of the country's fundamental national policies have been formulated as follows:

"1. *Basic policy.* Japan's national policy lies in the firm establishment of world peace in accordance with the lofty spirit of 'Hakko Ichiu' ('Eight corners of the world under one roof') whereby the country was

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founded, and in the construction, as a first step, of the new order in Greater East Asia having for its foundation complete solidarity of Japan, Manchukuo and China. Japan will therefore develop the total strength of the nation towards the fulfilment of this policy by swiftly setting up an unshakeable national structure of her own adapted to meet requirements of new developments both at home and abroad.

Still More Armaments

"2. *National defence and foreign policy.* The Government will strive for the replenishment of armaments adequate for the execution of national policies by taking into consideration all new developments both at home and abroad and by constructing a state structure for national defense capable of bringing into full play the total strength of the nation. Japan's foreign policy, which aims at ultimately constructing the new order in Greater East Asia, will be directed first of all towards the complete settlement of the China Affair and the advancement of national fortune by taking far-sighted appraisal of the drastic changes in the international situation and formulating both constructive and flexible measures.

"3. *Renovation of the internal structure of Japan.* What is urgently required to meet the internal situation is the laying down of the foundations for a state structure for national defence, complete renovation of domestic administration in general, for which purpose the Government expects the realization of the following points:

"(a) Educational reform thoroughly in harmony with the fundamental principles and polity of the nation, and also the establishment of ethical principles for the nation, stressing, above all, service to the state, and the eradication of all selfish and materialistic rights.

"(b) Establishment of a powerful political structure and unified control of government affairs, including the establishment of a new national structure, the key-note of which lies in service to the state through cooperation between the government and the people, everyone according to his sphere of profession or business, renovation of the Diet as an organ for assisting the Throne and adapting the Diet to the new national structure and fundamental reforms in the operation of administrative organs and reformation of the bureaucracy aimed at the unity and efficiency of those organs.

"(c) Laying the foundation of National defence economy of which the key-note will lie in the autonomous development of the economy of Japan, Manchukuo and China, with Japan as the center."

Economic Policies

The statement, in detailing economic policies, went on to set the program into the following categories:

1. Establishment of a sphere of economic cooperation among Japan, Manchukuo and China as one unit;

2. Inauguration of a planned economy through the cooperation of the Government and the people;

3. Establishment of financial control and the reinforcing of banking control directed towards the develop-

ment of the total economic power of the nation;

4. Reorganization of the foreign trade policy so as to adapt it to the new world situation;

5. Establishment of measures engendering self-sufficiency in the daily necessities of the people;

6. Epoch-making expansion in vital industries, especially in heavy, chemical and machine industries;

7. Epoch-making promotion of science and scientific research and the rationalization of production;

8. Perfection and extension of communications and transport systems and facilities, so as to adapt them to the new developments at home and abroad.

9. Formulation and execution of a plan for the strengthening of national unity;

10. Establishment of a permanent system and policy for strengthening the stamina of the people and physical strength of the race, and especially fundamental measures for ensuring the security and development of agriculture and agricultural communities.

11. Adjustments to unequal sacrifices incidental to the execution

of national policies, full operation of the various welfare measures and reform in the mode of living of the nation, with the maintenance of a standard of living which will enable the nation to lead a plain, solid and vigorous life and surmount the national crisis by persevering through the years of hardship past and to come.

Matsuoka and Kodo

Still another policy statement, plainer in some respects than the foregoing, was issued by Foreign Minister Matsuoka, also on Aug. 1. He said that propagation of "Kodo"—which should be interpreted as a means by which all nations and all the races will be able to attain their "proper places"—was the mission vested in the Japanese Empire. The basic diplomatic principle which he would pursue in accordance with the concept of "Kodo" would be founded on the necessity for Japan to establish a great East Asiatic bloc which would enable Japan, Manchukuo and China to prosper. By this means Japan would be able to set her feet on the way toward the establishment of a fair and just peace in the world.

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In pursuing this aim, the Foreign Minister continued, the Japanese Empire should move forward courageously, sweeping away any obstacles, material or immaterial, in order to achieve "that ideal and mission vested by Heaven in our Nation."

Expansionist Aims

Later the same day, in an interview with the press, Mr. Matsuoka declared that Japan will not expend her efforts to make friends with those Powers who fail to cooperate with Japan—"In a single word, Japan will cast off her diplomatic policy of trying to be everybody's friend." Settlement of the "China Incident," he went on, "should assume a position of primary and urgent importance in the carrying out of Japan's diplomacy. However, it goes without saying that the South Seas areas should not be left out in speaking of the welfare of East Asia. Our aim thus includes not only Japan, Manchukuo and China, but French Indo-China and the Netherlands East Indies as well."

U.S. Press Reactions

When asked to comment on the Japanese policy statements, U.S. Secretary of State Cordell Hull declined to do so on the ground that he had not received official reports of the Japanese utterances. The press of the United States, however, reacted by urging that the American armament program be speeded up to meet an obvious Japanese threat in the Pacific. The *Washington Star* declared that the new Japanese policy "contemplates the expansion, by force

if necessary, of the Island Empire's hegemony to such important areas as Indo-China.... Japan's true objective is revealed as the domination of these territories and perhaps a great deal more. In the view of the *Washington Post*, the Japanese statements indicated "the intention to establish regional dominance over East Asia similar to that the Japanese think Germany is creating in Europe and the United States in this hemisphere.... Regardless of the differences of motive and procedure, there is an obvious similarity between the determination of the United States to be the dominant power in the Americas, Japan's endeavor to play the same role in the Far East, and Germany's intention of mastering continental Europe. Russia is still another regional combination, half Asiatic, half European in character. The far-flung British Commonwealth is another grouping."

Japanese Inspector to Indo-China Meets Death

The death in South China of Commander Motokio, a member of the Japanese Inspectorate in French Indo-China, was reported in a communique issued Aug. 4 by the Navy Section of Imperial Headquarters in Tokyo, according to *Reuter*. Commander Motokio, it was stated, was killed on July 7 while engaged on an "important mission." It was not stated how he met his death, or exactly where.

Japanese Police Official Warns Against Spies

How to combat foreign espionage in Japan was the subject of an interview given the *Miyako* on August 3 by Miko Suzuki, head of the Foreign Affairs section of the Metropolitan Police Board. The theme of Mr. Suzuki's warning was a condemnation of Japanese loquacity, particularly on the staff side. "The Japanese," he was reported as stating, "cannot keep secrets long." Pointing out that both Japanese men and women may often be seen talking proudly—and loudly—of scanty but nonetheless useful bits of information they may have concerning new Japanese warships, airplanes or other national defense secrets, Mr. Suzuki said he wanted to refer to the face "that Japanese women are usually very talkative."

The official particularly was nervous about "some spies who approach their victims through social bodies such as clubs." He was rankled, too, by that type of spy who makes use of his love affairs with Japanese girls to pry forth interesting information. Spies who make frank attempts to buy state secrets were not considered as pertinent to the interview, since their cases were "glaringly plain."

Stimson Corrected on Panama Aliens' Arrest

U. S. Secretary of War Henry L. Stimson told the press in Washington on August 2 that American authorities were holding 81 foreign agents at Panama "for deportation or other disposition." Evidently there had been a slip-up in Col. Stimson's information lines, for the announcement was immediately laughed down by the Panamanian Foreign Minister who announced that "those 81 so-called fifth columnists Mr. Stimson says we arrested are only European refugees whom we had to detain because their papers were found irregular."

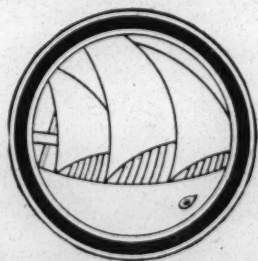
On the following day, the U.S. War Department itself confirmed the inaccuracy of the Secretary's information. The only aliens in the Zone, besides Panamanians and British negroes employed by the Zone authorities, were the 81 refugees who had obtained temporary haven pending the regularization of their immigration papers to the U.S. or South American countries, the Department stated. A second error in Col. Stimson's announcement had been that the only alien employees of the Zone were Panamanians.

Chinese Cooperatives Seek Government Aid

The Cooperative Enterprises Administration has requested the Central authorities to institute semi-compulsory measures for the promotion of the cooperative movement in villages and counties throughout the country. Kuo Min reported from Chungking on August 4. It is planned to establish at least one cooperative in each village and county and, in order to make the idea succeed, the Administration has deemed it desirable that at least one person in each household should be required to become a member of such a cooperative society.

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Japanese Continue Raids on Chungking

For the 25th time this year Japanese bombing planes raided Chungking on August 2. The 100 machines were intercepted by Chinese pursuit planes which brought one down, a Chinese report stated. On the following day 36 Japanese bombers raided Tungliang, northwest of Chungking. The planes hesitated to approach the capital itself because of the numerous Chinese planes lying in wait for them, according to a *Reuter* dispatch.

Another recent concentration point for Japanese air bombs has been the Chekiang-Kiangsi Railway, which was heavily punished on August 5. The Japanese planes raided a group of army trucks and a train at a point near Yingtan. It was reported on the same day that the big railway bridge at Kienchang in northern Kiangsi had been blown up.

Trouble With Guerrillas

The Honan-Hupeh border is reported to be the center of operations of a large Chinese guerrilla army which according to a *Domei* report is the New Fourth Army of the Communist Party. A *Reuter* dispatch from Peiping stated recently that travellers through the area encountered the Chinese troops on every side; in fact every male in the area seemed to be armed. The Japanese were said to have attempted during the past few months to clean up the Chinese forces, using 250,000 men as well as numerous airplanes for the task. The attempt, however was a failure due to the nature of the territory which required considerably larger numbers of troops. A *Domei* report of August 7 announced that the New Fourth Army is composed of not more than 7,000 men, an indication either that it is far superior in fighting qualities to the Japanese or that the terrain is extremely difficult.

Japanese naval patrols blockading the China Coast were reported by *Domei* to have appeared off Chitoutsun and Hwanghwatsun on August 5 and shelled the coast defenses. Both places are about three miles north of Wenchow. Several junks, which the dispatch said were carrying munitions, were sunk by shell fire. Chenhai, at the mouth of the Yung River, recently scene of severe fighting when the Japanese attempted to seize that section of the Chekiang coast, was reported this week to be full of homeless war refugees. Between 4,000 and 5,000 houses are said to have been destroyed in the fighting. The Chinese government is reported planning relief measures.

Konoye Gets Brain Trust; Minseito Will Dissolve

Premier Ayamaro Konoye's would-be totalitarian government moved closer to its objective this week with the announcement that four members had been named to a select "brain trust" for the purpose of drafting the personnel of a larger brain trust to augment the National Planning Board now charged with basic reforms and reorganization plans for the entire nation in keeping with the new single party philosophy.

The four men are: Mr. Hiroo Oshima, Chief of the Foreign Affairs Section of the Police Bureau of the Ministry of the Interior; Mr. Risaku Yamazoye, Sectional Chief in the Sericulture Bureau of the Ministry of Agriculture and Forestry; Mr. Hisatsune Shakomitsu, Sectional Chief of the Finance Bureau of the Ministry of Finance, and Mr. Yoji Minobe, Sectional Chief of the General Affairs Section of the Price Bureau of the Ministry of Commerce and Industry.

Another step leading to establishment of the new totalitarian government was the Minseito Party's decision to dissolve, reached on August 5. The party was faced with internal break-up following the recent secession of 31 parliamentary leaders. The actual date of dissolution of this greatest Japanese political party will be decided upon in the near future.

Hongkong Threatens Port Closure to Nippon Ships

Anglo-Japanese tension in south China was seen increasing with a *Domei* dispatch on August 6 stating that the s.s. *Kaiju Maru* had been held up in Canton because of British refusal to permit its entry to the crown colony until the Butterfield and Swire vessel *Fatshan*, now prevented from leaving Canton, was released. The Hongkong authorities were further reported to be threatening closure of the port to Japanese transports pending a settlement of the case. The *Fatshan* was held up in Canton on the pretext that it did not carry the required pilot which the

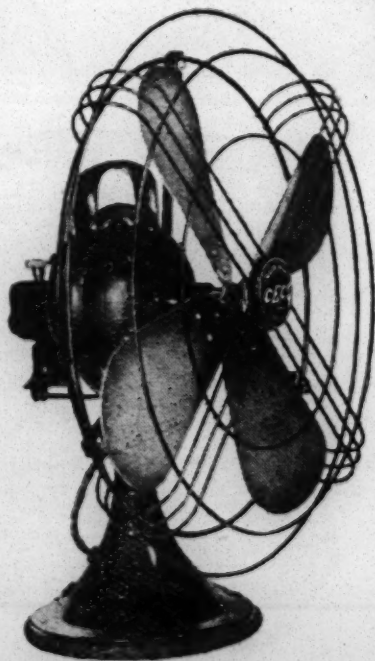
Canton Pilot Association refused to furnish because B. and S. allegedly had not paid pilotage dues for a month.

The British authorities are said to be basing their threat to close Hongkong to Japanese transports on the Okazaki-Blount agreement of July 4, 1939, which provided that if the Japanese close the Pearl River temporarily because of "military necessity," the British may refuse their port to Japanese transports. In answer to this contention the Japanese authorities are understood to be hedging with the retort that the river is not really closed.

The colony was torn this week with its own domestic troubles arising from the evacuation of 5,000 British women and children much against the will of their male kin who contend that the government action is expensive and unwarranted. On August 6 the colony temporarily ceased this bickering to welcome its new governor, General E. F. Norton, the first military administrator the colony has had since 1912.

U.S. Woman Involved In Soochow Incident

An American missionary woman was recently involved in an incident with the Japanese military in Soochow, according to a report appearing in the *Shanghai Evening Post and Mercury* on August 5. American consular officials in Shanghai minimized the seriousness of the affair and indicated it had been settled amicably on the spot, the paper stated.



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Outstanding Events in the Sino-Japanese War

A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th (1937) issue of *The Review*.

June 30

American liner s.s. President Coolidge returns to Hongkong shortly after leaving for Manila, on orders from Washington, to stand by for refugee evacuation. Authorities declare 4,000 British women and children will be evacuated from colony by week-end. Americans, wealthy Chinese prepare to leave.

July 1

Japanese forces surrounding Hongkong on landward side, meet first Chinese resistance near Tamshui. Heavy rains now in progress expected to bog troop movements for next three weeks.

First batch of 1,900 British women and children embark for evacuation. Japanese government is "unable to understand" measures being taken for Hongkong evacuation since it has not requested this precaution, according to Foreign Office spokesman. Hongkong government informs U. S. Consul-General that the situation would possibly become more critical in the colony.

Chinese bomb Japanese troop concentrations at Ichang, says Chungking. Chinese forces on south bank of Yangtze prevent two Japanese attempts to cross on June 29 and 30. Chinese troops reported entering Kaifeng yesterday; killed 2,000 Japanese troops and occupied government offices.

New wave of Shanghai terrorism gets into stride with assassination of pro-Chungking director of Ta Kwang news agency, Shao Hsu-pei. Believed retaliation for June 28 killing of pro-Nanking newsman, Mo Shih-ying.

July 2

Shanghai amazed at Nanking decree, published yesterday, demanding arrest of 83 prominent pro-Chungking Chinese residing in foreign concessions. Further terrorism feared.

Street fighting continues in Kaifeng, Honan, as Japanese launch counter-attack against Chinese raiders. Other Chinese units launch attack on Kweiteh Chai (south of Kweiteh) and on Luyi. Fighting is continuing on outskirts of Ichang, according to Chungking. In Kiangsi, Chungking says pressure is being maintained against Nanchang. Chinese troops said to be approaching Liuhong, terminus of the Nanchang-Kiukiang railway opposite Nanchang.

General Yu Sin-cha, General Lau Wei-chow and their staff officers reported killed in car accident on bank of Yangtze on night of June 30.

T. V. Soong sees President Roosevelt in Washington, silent on visit.

July 3

Japanese admit entry by Chinese forces into Kaifeng, claim attackers driven forth with heavy casualties on June 30.

British government announces plan for possible evacuation of Britons from Japan. Tokyo awaits British decision on Burma road demands.

Maj.-Gen. Edward Felix Norton appointed military governor of Hongkong in the capacity of Officer Administering the Government. His is the first such appointment since 1912.

July 4

London lays delay in answer on Burma road, to consultation with Dominions.

Nanking admits illicit arrest, actual kidnapping, of Chungking adherents in

Shanghai. Gen. Nobuyuki Abe in Nanking ready to start talks with Wang Ching-wei for friendship treaty.

More than 80 Japanese warplanes raid Chungking and vicinity. Little damage. One reported shot down by Chinese pursuit planes. Buildings of Chungking University and National Central University damaged.

Chinese report raids on Japanese troop concentrations at Ichang.

July 5

Japanese aircraft raid Tzeliuching, western Szechwan today. Pass over Chungking without dropping missiles.

Japanese gendarmes accompanied by French police arrest two prominent Chinese in French Concession.

July 6

Chungking reports Chinese troops entered Kweiteh on Lunghai railroad 90 miles from Kaifeng, June 30, succeed in driving forth Japanese garrison. Pochow 130 kilometers from Kaifeng also reported entered same night.

Generalissimo Chiang Kai-shek issues appeal to friendly Powers for assistance, on the eve of the third anniversary of the Sino-Japanese war.

July 7

U. S. Fourth Marines arrest 16 Japanese secret service men in International

Settlement. Japanese had not informed Marines of intention to station agents, thereby contravening agreement.

Mme. Chiang Kai-shek reiterates Chinese determination to continue war, in third anniversary radio broadcast.

China Bends Resources to Economic Warfare Efforts

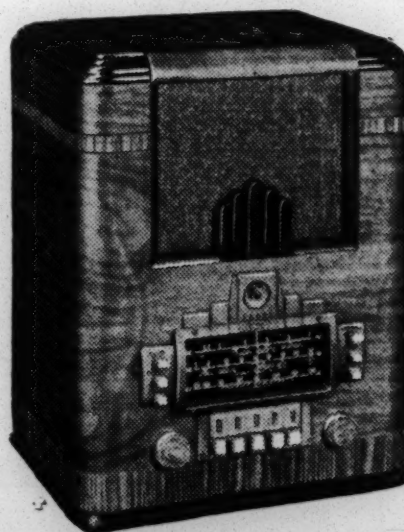
Chinese government quarters are centering efforts on the creation of a Ministry of Economic Warfare, according to a *Havas* report, in the belief that the fourth year of the war effort must be "70 percent economic and only 30 percent military," as General Chiang Kai-shek stated recently.

The new economic policy has already brought remarkable results in Szechwan, *Havas* stated. Three years ago the province had only 30 small power plants with a total capacity of 5,000 kilowatt hours. Today Chungking alone boasts a government power plant with a capacity of 12,000 kilowatt hours, while privately-owned plants have a further capacity of 8,000 kilowatt hours. The National Resources Commission is constructing five more power plants at various places in the province. Another industrial innovation for the province is the operation of 12 modern iron and steel blast furnaces; before the war there was not a single one. Among other plants now under construction are one furnace with 100-ton capacity and one with 25-ton capacity. Pig-iron production and the mechanical industry are also being improved.

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Shanghai Living Costs Still Moving Upward

The cost of living index of Chinese workers in Shanghai rose to 449.18 in July as compared with 422.91 in June, the increase being 26.27 points or 6.21 per cent (the base index of 100 represents the standard of living in 1936, prior to the Sino-Japanese hostilities). The further increase in July is shown in the monthly report of the Industrial Section of the Shanghai Municipal Council.

The report also noted a continuance of the industrial recession which began in June. It was accentuated in July by the Japanese blockade of the Chekiang and Fukien ports, new tariff barriers in North China, the tightening of import control in India, and the increased difficulty in obtaining raw materials, the cost of which has risen due to higher freight rates.

Practically every type of industry in Shanghai has been adversely affected, the report states, with the result that the spending power of the workers is being reduced. Cotton mills have suspended night shifts or decreased their production by about 30 percent by reducing the number of spindles in operation. Other industries affected by the recession are foundries, silk filatures, rubber shoe factories (except those operating for markets in occupied territory), flashlight bulb factories (of which 22 out of 32 have closed down), and tea hongs which have not yet received new crops.

Migration Flow Reverse Recorded in Malaya

The migratory flow of population was against Malaya in 1939 for the first time in many years, it is revealed in the recently published annual report of the Immigration Department. Whereas in 1937 and 1938 the excess of arrivals over departures was respectively 267,206 and 31,038, there were last year 2,712 excess departures.

The excess of Chinese deck passenger arrivals was 9,502 compared to 50,545 in 1938 and 176,802 in 1937. The net gain in Chinese men travelling to and from China was 2,281 only, as compared to 4,455 in 1938 and 65,749 in 1937.

Yawata Maru Completed to Commemorate Japan's Birth

The Yawata Maru, 17,000-ton ship built entirely of Japanese material in commemoration of the 2,600th anniversary of the founding of the Japanese Empire, was delivered on July 31 to the Nippon Yusen Kaisha at the Nagasaki yards of Mitsubishi where the vessel was completed. The Yawata Maru will sail on her maiden voyage to Vancouver on August 21.

Like her sister liner the Nitta Maru, the new ship is 180 meters over-all and has a 12-meter draft, with a maximum speed of 22 knots. She has accommodation for 127 first class, 88 second class and 70 third class passengers. Her load capacity totals 10,000 tons.

Who's Who in China

Tang Ching-yi, educator; born Mar. 19, 1898 at Peking; graduate of the Preparatory Dept., Nanyang University, Shanghai, 1914; attended Beloit College, Wisconsin, U.S.A., 1914-18, receiving B. A. degree; attended Columbia University, New York City, 1918-20, receiv-



唐 慶 詒

Tang Ching-yi

ing M.A. degree in political science; assistant to Dr. Hawking Yen in League of Nations Secretariat, Geneva, 1920; secretary to Chinese Legation in Washington, 1920-21; member of International Publicity Committee of National Government, 1927. Now, Professor of English and head of the Department of Languages, Chiao Tung University, Shanghai; address: 44 Nanyang Road, Shanghai.

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Indian Terrorist Hanged For Killing O'Dwyer

Sentenced to death some weeks ago for killing Sir Michael O'Dwyer, former Lieutenant-Governor of the Punjab, Udham Singh, 37-year-old Indian, was hanged at Pentonville Prison in England on the morning of July 31. Singh shot and killed the former official at the close of a meeting in Caxton Hall, London on Mar. 13. of this year. He also wounded Lord Zetland, former Governor of Bombay.

Singh's terrorist act was reportedly done as revenge for the massacre by British troops at Amritsar in the Punjab on Apr. 13, 1919, when they fired into a demonstration of 5,000 unarmed Indians, killing 379 and wounding 1,200. Among the dead was Singh's brother. Sir Michael O'Dwyer, then Lieutenant-Governor, endorsed the action of the British general, Brig.-Gen. Reginald E. H. Dyer, who gave the order to fire, but Dyer was cashiered from the army and O'Dwyer was recalled. At the Caxton Hall meeting at which he was killed, according to *Time* magazine (Mar. 25, 1940), O'Dwyer made jibes at the Indian nationalist movement. He had long previously referred to Gandhi as "the biggest imposter that ever fooled the credulity of a people or frightened a cowardly government."

Men and Events

The Nanking authorities have opened a consulate-general at Nagasaki, Japan, according to Domei report.

Sir Archibald Clark Kerr, British Ambassador to China, this week returned to Shanghai from Weihaiwei after a brief vacation. Lady Clark Kerr had been at Weihaiwei for some time.

The Japanese military authorities have taken over the Chinese radio station at Liuhong, according to a report in the *Sin Wan Pao*. The Japanese plan to repair the station and place it in operation, according to the report.

All dance-halls in Japan have been ordered by the Home Ministry to close down not later than October 1, Domei reported on August 2. A ban on jazz music throughout the country was announced simultaneously.

M. Jean Paul-Boncour, at present Press Counsellor to the French Embassy in Washington, has been appointed Counsellor to the French Embassy in China, according to Havas message from Vichy on August 1.

Japanese Mitsubishi interests are now engaged in developing the Hsin Tai coal interests in Shantung Province, where large deposits are said to be located, according to Havas report from Peiping.

The Nanking Central Press Service stated that Chang Su-min, director of the Customs Administration, is shortly proceeding to Japan on an investigation trip, the object being to "improve the customs administration."

Dr. Ma Chun-wu, President of Kwangsi University, died at Kweilin on August 1 of an abdominal ailment. Dr. Ma was 60 years of age and was a native of Kweilin. He received his university education in Germany.

Lu Tso-fu was appointed director and Ho Lien, Hsiung Chung-tao and Ho Pei-heng deputy directors of the National Food Administration, according to Kuomin message from Chungking on August 1.

Marshal Chang Hsueh-liang, who acquired fame in connection with the kidnapping of General Chiang Kai-shek at Sian in December, 1936, is under detention at Kweiyang by order of the Generalissimo, Domei reported July 30, quoting the *Tung Nah Jih Pao*.

Frederick Clemson Howe, 72 years of age, once an economic adviser to the Philippine Government, died at Oak Bluffs, Mass., on August 3. Mr. Howe was well known as a writer and at the time of his death held the position of Assistant U. S. Secretary of Agriculture.

The Chinese authorities have opened a new broadcasting station at Kunming, capital of Yunnan. It will be known as XPRA and will broadcast on a wave length of 435 meters, equivalent to a frequency of 690 kilocycles. The station will be operated by the Central Broadcasting Administration at Chungking.

A joint committee of Chinese newspapermen in Chungking have sent \$500 and a message of condolence to Mrs. V. Krasson, widow of the late Mr. V. Krasson, Polish citizen who was shot and killed in an attempt to apprehend the assassins of the late Mr. Samuel H. Chang, it is reported by the *Shun Pao*.

According to the German *Transocean* news service, some 20 German films, produced by the Ufa concern, are now being shown in the United States. The films were shipped to the United States by Trans-Atlantic air-liners, stated the report.

Thomas J. Watson, president of the International Chamber of Commerce, was awarded the Robert Dollar Memorial Medal for the year's outstanding contribution to the interests of America's foreign trade, at the twenty-seventh National Foreign Trade Convention at San Francisco on July 29.

The Japanese military authorities at Tientsin announced on July 29 that any Japanese visiting the Hai-Alai games in the Italian Concession in that city, would be subjected to "most severe punishment." The report (Havas) stated that despite recent warnings, Japanese subjects had been frequenting the place, hence the present drastic "last warning."

Kung Ching-tung, director of the office of the Mongolian and Tibetan Affairs Commission at Lhasa, capital of Tibet, has organized a Sino-Tibetan Recreation Club, the object of which will be to promote interest in athletics, music, reading, drama and chess. Gen. Wu Chung-hsin, chairman of the Mongolian and Tibetan Commission, will serve as honorary chairman of the club, according to dispatch from Chungking.

William Hanson, 16-year-old son of Professor and Mrs. Victor Hanson of the University of Shanghai, was severely injured by a shell which he picked up in a vacant lot near the University on July 28. The fingers of his right hand were blown off and he sustained body wounds in addition. A companion of Master Hanson was slightly wounded by the exploding shell.

Eight days' detention on the suspicion of peddling heroin ended for three Chinese last Saturday when the First Special District Court in the International Settlement ordered their release following proof by chemical analysis that the wares they were caught selling were in fact grape candy and contained none of the drug.

The Japanese practically have completed construction of a highway connecting the Tientsin-Pukow and Peiping-Hankow lines, according to Havas report from Peiping on August 2. The road will connect with the Tsingpu railway at Tsangchow and will extend to Shihchiachuang on the Kinhan line. The Japanese will operate a long-distance bus service on the new road.

Six Chinese academic societies will hold their joint annual conference at Kunming, capital of Yunnan, beginning September 14. The Yunnan Provincial Department of Education will be host to the gathering. Societies participating are Science Society of China, Chinese Astronomical Society, Chinese Scientific Society, Chinese Physics Society, Chinese Botanical Society and Chinese Agricultural Society.

The German Far Eastern Society held a meeting in Berlin on July 31, according to *Transocean* report. The President of the society, Dr. Linde, delivered an address in which he stated there never had been any change in the cordiality and friendliness of Sino-German relations. Dr. Ting, Counsellor of Embassy, responded and said that the Society had given valuable help to Chinese students in the Reich. The report stated that practically all Chinese students in Germany attended the meeting. The Chinese Ambassador was unable to attend due to illness, but Dr. Ting and Dr. Tan Pao-tung, Counsellors, attended.

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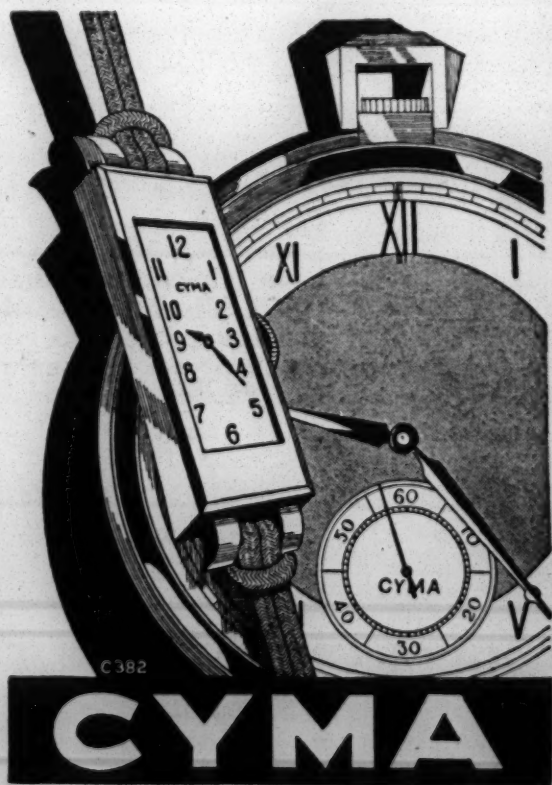
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A Japanese salvaging firm, Okada Gumi of Osaka, has announced its intention of refloating the 14,128 ton Philippine liner, President Quezon, which sank off Tanegashima Island, Kagoshima prefecture on Jan. 20 of this year. It was first thought it would be impossible to refloat the ship.

The Japanese Tung Yang (Great Eastern) Tobacco Company, recently organized by Osaka interests, has announced its intention of establishing shortly a large cigarette factory in Kalgan. Machinery for the plant will be obtained in Japan, according to the report.

A profit of \$10,000,000 from its war risk insurance policies covering bombing risks, was reported last week from Chungking by the Central Trust. The Trust has issued bomb risk policies to a total of \$865,000,000 since the outbreak of the war. At the beginning of July outstanding policies covered \$200,000,000 worth of goods in transport in free China and \$135,000,000 worth of property, much of it in Chungking.

Gen. Tsai Ting-kai, hero of the defense of Shanghai against the Japanese Army and Navy forces in 1932, has gone to Chungking for an interview with Gen. Chiang Kai-shek, according to Kuomin report from the Chinese wartime capital on Aug. 3. The report stated that Gen. Tsai conferred with Gen. Pai Chung-hsi, Director of the Southwestern Provisional Headquarters, at Chungking on Aug. 3. Gen. Tsai, who commanded the famous 19th Route Army at Shanghai, and later withdrew to Fukien Province, has been living in retirement at Hongkong for several years.

Miss Helen K. Powell, formerly engaged in secretarial work at the American Embassy in Peiping and Nanking, is now connected with the Institute of Current World Affairs, 522 Fifth Avenue, New York. The Institute of Current World Affairs was founded by the late Charles R. Crane, former Minister to China, who died in February, 1939. Miss Powell is now engaged in compiling manuscripts and biographical material dealing with Mr. Crane's life and long career in official and civil life.

Americans may build an airplane factory in India, according to reports from New York on August 3 stating that an Indian Mission had arrived in New York. The mission is headed by Brigadier General Tate, who plans to purchase aircraft and other war materials. The reports (Reuters and Transocean) stated that negotiations had also been started with an American manufacturer for the erection of a factory in India. Gen. Tate stated that the European war had greatly enhanced the military importance of India, which, in his opinion, would be greatly increased in the event the present tension is intensified.

The Japanese airliner Matsukaze, belonging to the Japan Airways Company, which was used to inaugurate the new and widely-advertised Japan-Siam Service, was forced to land in a rice paddyfield, near Hanoi, French Indo-China on Aug. 1. No damage to the plane or passengers resulted from the forced landing, according to the Domei report. The Japanese report alleged that the cause of the accident was due to water in the gasoline, which had been purchased from the office of the Standard-Vacuum Company in Hanoi. Officials of the oil company were stated to be making an investigation, said the report, adding that the Japanese Consul-General at Hanoi and the Japanese Inspectorate in Indo-China were also participating in the investigation. The Japanese plane also had a forced landing on its trip from Japan to Bangkok, the cause not being stated.

The Italian government has confiscated the Sicilian estate of Sir Ronald Hechery Nelson (Viscount Bridgeport), a descendant of Admiral Horatio Nelson, according to a Transocean report. The estate was given Admiral Nelson by the King of the Two Sicilies early in the last century.

The population of Guam has more than doubled in 10 years, according to a Census Bureau report from Washington last week. The island now has 22,290 inhabitants against 8,509 ten years ago. Details of the population increase have not been given, except that naval personnel on the island has jumped by 213 persons.

The Government of Manchukuo is becoming "increasingly irritated" because foreign consuls of governments which have not recognized Manchukuo are continuing to function in the country and are even increasing their activities "under cover of diplomatic immunity," according to Domei report from Hsinking, August 5. These activities were regarded as highly derogatory to the prestige and well-being of the puppet state, hence Manchukuo was expected to take definite action shortly, stated the report.

André Geraud, well known French writer, popularly known as "Pertinax," arrived in Washington on August 4 and plans to remain there for some time. Mr. Geraud was given a visa to go to the United States, by Ambassador William C. Bullitt in Paris and was assisted in getting to Canada by Ambassador Joseph P. Kennedy in London. He was detained temporarily at the Canadian-American border, but was admitted upon recommendation of Acting Secretary of State Sumner Welles. Madame Genevieve Tabouis, another well known French political writer, formerly on the staff of L'Oeuvre, is also in the United States.

Japanese censors for the first time took up quarters in the Rue Massenet branch post office of the French Concession and began opening all incoming mail on July 30. Seven censors arrived at the sub-station where they were given a specially-prepared room by the postal officials. Postal authorities are believed to be studying a plan to divert all local mail from the sub-stations to the main post office for distribution.

Another Japanese mission—this one a medical mission—is making a tour of Germany. According to Transocean the medical mission is headed by Prof. Ishibashi, president of the Japan-German Medical Society. The group arrived in Danzig on August 5 and will spend considerable time touring Germany. The Japanese doctors were welcomed at Danzig by the Secretary of State, Dr. Conti and Senate Professor Grossman. The Japanese group includes medical professors from Tokyo, Osaka and Kyoto Universities and a representative of the Tokyo Ministry of Welfare.

More than 200 art experts, historians, archaeologists and artists attended a conference on the history of Chinese art in Moscow this week, according to report of Tass news agency. Several rare specimens of Chinese art were exhibited at the meeting. G. Glukhareva of the Soviet Museum of Oriental Cultures, read a paper on the art of the Shang Yin period as based on objects found at Anyang, an ancient capital of China. Other talks were made by Prof. S. Kiselev, who reported on recent finds in Siberia; V. Kazin, who spoke on the excavations at Khara-Khote in Mongolia, and exhibited rare specimens of Buddhist paintings and sculptures. Academician V. Alekseev spoke on 18th century Chinese painting. The Chinese Government sent an exhibition of ancient bronze and ivory to the Moscow meeting.

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The Chinese National Government issued a mandate on August 1 conferring the Order of the Brilliant Jade, with white cordon and red and blue border, on two Americans, A. B. Bassi and C. W. Van Patter, experts in highway transportation who visited west and southwest China last year.

Louis H. Gourley, American Consul at Kobe, Japan, has been transferred to Harbin, Manchuria. Prior to departing from Kobe, Mr. Gourley was entertained by the American Society, at a luncheon which was attended by more than 50 American members of the organization. The chairman, Robert McClelland, presided.

Eight of the largest tobacco concerns in the United States were charged by the Department of Justice, on July 25, with the maintenance of a monopoly, which included 26 affiliated concerns. According to an extended report by the German Transocean agency from Washington, D. C., the monopoly also included leading British tobacco firms as well as the British-American Tobacco Company, which operates in the Far East. The German report alleged that the indictment prepared by the Department of Justice charged the companies with maintenance of a joint marketing system which enabled the members to dictate terms to planters, wholesalers and the retail trade. It also alleged that the concerns had "misused" their position of supremacy in the cigarette trade to force unfavorable terms and conditions on those dependent on them. A further report, circulated by the German news service, somewhat earlier, claimed that the various companies affiliated with the British-American Tobacco Company (Yee Tsoong and others) were planning to reincorporate as American concerns due to the disturbed situation in the Far East.

The German Dye Trust, which controls the patent rights for the production of the artificial rubber known as "Buna," may sell the rights to the Manchurian Chemical Industry Company, according to a Transocean message from Tokyo, which stated that the Japanese Government had instructed the Manchurian concern to open negotiations. The report claimed that "Buna" had demonstrated its superiority over natural rubber for certain purposes.

Chinese connected with the local Municipality of Greater Shanghai recently formed a Young Men's Corps, the object being to promote discipline, particularly in the Nantao area, which recently was reopened for Chinese residence. Last week the official who was entrusted with the funds of the organization, absconded with \$500. The official, named Wang Han-min, was one of the first graduates of the new municipal college which was inaugurated by Wang Ching-wei. The report stated that Wang went to the headquarters of the Youth's Corps at Kiangwan on July 19 and drew \$490 of payroll money, but instead of paying his colleagues, he took the money to a gambling house in the badlands where he lost all of it.

Soviet-American Trade Agreement Prolonged

The trade agreement between the United States and the U.S.S.R. has been prolonged to Aug. 6, 1941, according to a *Tass* report from Moscow. Instruments of prolongation were exchanged in the Soviet capital this week, when the agreement was due to expire.

Chungking Pegs Rate of Dollar-sterling at 4½d.

The official Chinese dollar-sterling rate was changed from 7d to 4½d. from August 1, the Ministry of Finance announced on that day. The rates of other foreign currencies will in future be fixed according to their respective market rates against sterling, and in relation to the new dollar-sterling rate.

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New Books of Interest in the Far East

When the War is Over

A PROGRAMME FOR PROGRESS.—By John Strachey. Victor Gollancz, Ltd. London, 1940.

In this, the latest from the pen of the well-known British socialist writer, John Strachey, the post-war economic order is considered. Consisting of three parts, the first, "A Way Forward", contains the whole of the "programme." Parts two and three, "The American New Deal" and "Expansionism and the Nazi Economy" are purely case material designed to illustrate what the author's plan calls for, as well as certain errors that must be avoided if success is to be achieved.

Briefly the argument of the way forward is as follows. A socialist government, which would be able successfully to combat the social and economic problems following the war, with the readjustments in industry that must accompany a shift from war needs to peace needs, will probably not be in power. Hence the immediate problem to be faced is what steps should be taken under capitalism to meet these great readjustments and at the same time to continue the struggle for socialism. Why under capitalism? Because Mr. Strachey admits that in order to put into office a government representative of the people "instead of the oligarchy of imperialistic finance capital," a union of groups, many of whom do not wish the immediate abolition of capitalism, would be needed. The necessity for such a government, one that would take the drastic measures proposed by Mr. Strachey, rests upon the belief that otherwise the shift from war-time to peace-time economy would be accompanied by mass unemployment and economic stagnation. Once government spending stops, these evils will immediately appear. Private business, controlled by the profit motive, would be forced to curtail rather than increase production when government funds are cut off. Consumer buying power would drop and the whole economic system would spiral downward.

The "programme" to meet this course of events consists of six interlocking measures:

(1) The promotion of all kinds of public, or mixed, investment and enterprise, which is not, or is not wholly, dependent upon the expectation of profit as its incentive.

(2) The lowering of the rate of interest to all intended borrowers, thus making investment and enterprise more attractive to all private borrowers at a given expectation of profit, and more possible to all public borrowers.

Both of these expansionist measures should be financed, so long as general unemployment exists, by the methods which will be made possible by the fifth and sixth measures of this programme.

(3) The redistribution of income from the rich to the poor, effected by means of those kinds of taxation which are mainly, or at any rate not entirely, reckoned as a part of the costs of production (e.g. death duties).

(4) The payment of greatly increased pensions and allowances, and other social services, so long as general unemployment exists, out of newly-created money rather than out of taxation.

(5) The development of a national, and public, as opposed to a commercial and profit-making banking system.

(6) A strict public control over the balance of foreign payments.

While it is impossible in a short review to adequately discuss such sweeping proposals, a number of brief comments might be made. In the first place, no one can deny the seriousness of the problems of post-war economic recon-

struction (though many would wish at this moment that that was the only problem to be faced). Many who place themselves far to the right of the author would certainly agree that constructive aid from public sources will certainly be needed to help iron out the dislocations resulting from the present intense preoccupation of industry with arms and other war-time requirements. War-time emergencies beget peace-time problems and the government, as the body responsible for the details of the former, must assist in meeting the latter. Another point of interest is Mr. Strachey's reliance for much of his basic economic argument, or at least for support of his own ideas, upon the writings and ideas of J. M. Keynes. He borrows only those parts which please him, to be sure, yet these furnish both the explanation of why pure capitalism must fail in this crisis as well as why his spending plan will keep the wheels of industry turning.

The decisive point in the programme, of which Mr. Strachey himself writes, "unless this is accomplished, nothing else can be done," is the fifth of the above group, "the development of a national, and public as opposed to a commercial and profit-making banking system." Finance is indeed the key to many problems, as well as the bar to many others. The stress laid upon this point rests in the determination to keep production going at any cost. And in order to do this money must be pumped regularly into the economic system, and only by a public banking system headed by men willing to keep pumping as long and as largely as seems needed, could the programme be carried through. The amount apparently does not matter very much, since it is maintained that every

increase in public debt is accompanied by a corresponding increase in the "people's credit." Not that an unnecessary multiplying of the debt is called for, but everything is to be subordinated to keeping production going and employment full.

Such a policy is indeed an uncharted course, and many unforeseen and unpredicted difficulties, which Mr. Strachey does not and probably cannot foresee, are sure to greatly complicate this new monetary departure. For example, what of the great problem of relative prices? Inflation is certain to raise prices somewhat (in spite of the expected increase in business activity) and if serious disequilibria develop, the long-run effect of such a policy may well be disastrous. Somehow the reviewer is left with the feeling that while the author is able to show in part three how the Nazi regime has up to the present kept production going while at the same time taking increasing amounts of the national income for its own purposes, the programme presented would likely more nearly result in the experiences of Germany of the 1920-23 period than of that of 1933-40.

P.B.S.

Out of the Past

APRICOT CHEEKS AND ALMOND EYES.—By Genevieve Wimsatt. New York, Columbia University Press, 1939. Cloth, xiii, 123 pages. Price, U.S.\$2.00.

This is indeed a delightful book, a recreation of the court life in Hangchow in the days of the Southern Sung. Although in the north the Golden Tartars were encroaching, ever demanding heavier tribute, the court of Kuang Tsung, third emperor of the Southern Sung, was the court of a weakling. Kuang Tsung was a psychopath, the puppet of his First Consort, the Empress Li. This same Empress Li, dominating

The China Quarterly

Vol. V.

SUMMER, 1940

No. 3

A Philosophy of Action... By His Exc. Generalissimo Chiang Kai-shek
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the first part of the story, was a bandit's daughter who rose to first place in the Inner Court.

It was this shrewd woman, the mother of the next emperor, Ning Tsung, who brought into the court the child traveling musician and acrobat, Mulberry Caterpillar. This little orphan was to become the Empress Yang. Sung biographers recount of the Mulberry Caterpillar that she was "clever, beautiful, talented and gallant." Dowager Li had the girl well trained in the classics, history, music, calligraphy and chess. The fifty Palace Poems of the Empress Yang testify to her mastery of the poetic technique. Her gifts were well suited to the court of Ning Tsung, a period of cultural pursuits. The beautiful poems of the Empress, given in the body of this story, reflect "the exquisite decadence, the sumptuous luxury, the unsurpassed arts of that mirage of aestheticism known as the Southern Sung." The story of the Empress Yang is a rare combination of fate and character.

Miss Wimsatt's foreword gives the sources from which material has been gathered for this biography. But the

placement of the poems, the narrative and the delicate flavor of the style are due to Miss Wimsatt herself.

F.M.R.

The Art of China

SURVEY OF CHINESE ART—By John C. Ferguson. Shanghai, Commercial Press, Ltd., 1939. Octavo, 153 pages, lavishly illustrated with 222 full-page figures, indices. Price, Ch.\$30.00.

This ambitious undertaking in the large field of Chinese art has resulted in a happy combination of publishing art, illustration and scholarship, which makes the book an excellent survey of the field. Dr. Ferguson is peculiarly fitted for a study such as this, for during a long lifetime in China he has been associated with the leading scholars of China. Perhaps there is no western authority of Chinese art who has had equal opportunities of examining Chinese treasures whether in private collections or in the national palace collection. After the expulsion of the Emperor from the Peking Palace Enclosure, Dr. Ferguson was a member of the Committee of Reference which examined and catalogued the national treasure of bronzes, jades, writings, paintings and porcelains which had been collected by the emperors of the Ming and Ching dynasties.

The numerous objects from the author's own personal collection, illustrated in this book, show a discriminating taste and a catholicity of interest which gives assurance, if assurance were needed, of his fitness for such a survey as the present one. It is a matter for genuine thankfulness that his collection is not to leave China. It is to be the basis of a museum in the University of Nanking, where Dr. Ferguson started his career in China. Judging from the illustrations in this volume, Dr. Ferguson's collection, no less than his writings, will be a source of valuable study material for

students of Chinese art. The reviewer wishes to commend the excellent illustrations, more than two hundred in number, both for their clarity of reproduction and the inclusiveness of the choice.

Dr. Ferguson's survey includes material of recent discovery. He says in his preface: "During the last decade in China a large amount of new material has been made available for students. Some of this had been formerly stored in the Palaces to which only a privileged few had occasional access. Some of it has come to light through authorized excavations of noted sites. Military activities have been responsible for the supply of some wonderful bronzes and jades. Economic depression has compelled some collectors to sell their treasures. These different factors have combined to provide at the present time more material for study than was ready to hand in earlier years. This volume is an attempt to use all this material in a new survey of Chinese art."

The subjects included in this study are not only those which might be anticipated—bronzes, stone monuments, calligraphy, painting, jades and ceramics—but also the less usual subjects of architecture, furniture, carving, lacquer, enamels and textiles. This last subject takes in tapestry, brocades, embroidery and carpets. It would be well if these minor arts were made the subject of a separate study by Dr. Ferguson, for the brief treatment given in this book but hints at the richness of available material to which he had access.

This book should be particularly recommended for its special index of Chinese names. The text carries only the romanized Chinese names, but these names are indexed with Chinese characters. This feature makes the book valuable for reference and is to be commended to other writers in this field.

F.M.R.

In the United States Court for China

ROBERT
EGBERT
DICKERT,
Plaintiff
vs.
MARGARET
ANN
DICKERT,
Defendant.

Cause No. 4505
Civil No. 2384
ORDER.
Filed at Shanghai,
China,
July 26th, 1940.
WILLIAM T.
COLLINS
Clerk.

The object of this suit is an action for divorce.

WHEREAS, plaintiff herein, by his attorneys, Messrs. Rodger & Wiener, has this 26th day of July, 1940, made application for the substitution of publication for personal service upon the defendant herein; and

WHEREAS, it appears from the files in this case that on the 26th day of July, 1940, the summons for defendant was returned by the United States Marshal for China with the following noted thereon: "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS, it appears from the files in this case that on the 26th day of July, 1940, the plaintiff herein filed an Affidavit to the effect that the defendant does not reside in China, nor has she resided in China for the past five years, and that defendant's last known address was c/o Mrs. Frank Martina, Ocean View Drive, Encinitas (Route 1), California, United States of America.

NOW, THEREFORE, it is this 26th day of July, 1940, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the China Weekly Review, a paper of general circulation most likely to reach the defendant.

IT IS FURTHER ORDERED that the defendant cause her appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the 17th day of August, 1940, the day of last publication of this Order; otherwise the case will be proceeded with as in case of default.

By the Court.

MILTON J. HELMICK
Judge

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